

DAILY REPORT

China

CONTENTS

Vol I No 237

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PRC INTERNATIONAL AFFAIRS

GENERAL

U.S. Commerce Secretary Arrives in Moscow	A 1
NATO Presents Counterproposal at MBFR Talks	A 1
Li Ke Pledges Continued Support for UNIDO	A 2

UNITED STATES

LIAOWANG on New U.S. Ambassador's Background [25 Nov]	B 1
Reagan Announces NATO Troop Reduction Proposal	B 3
U.S. Study Warns SDI Will Accelerate Arms Race	B 3
Shanghai Citybank Office Holds Opening Ceremony	B 4
Gu Mu Meets U.S. Business Leaders 6 December	B 4

SOUTHEAST ASIA & PACIFIC

Reportage, Comment on Ji Pengfei Hong Kong Visit	E 1
Departs Beijing 10 Dec	E 1
Issues Arrival Statement	E 1
Li Hou on Visit	E 1
ZHONGGUO XINWEN SHE Commentary	E 2
Hu Yaobang Meets Democratic Kampuchea Delegation	E 3
Beijing Radio Reports Leaders' Greetings to LPDR	E 4

SOUTH ASIA

XINHUA Analyzes New South Asian Cooperation	F 1
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WESTERN EUROPE

Spanish Communist Party Head's Birthday Observed	G 1
Hu Yaobang Sends Greetings	G 1
CPC Group Visits Ibarri	G 1
EC-China Business Week Concludes in Brussels	G 2
Zhang Jingfu Departs Belgium for FRG Visit	G 2

EASTERN EUROPE

SFRY Paper Interviews Hu Yaobang on Peace, Progress	H 1
LIAOWANG Discusses Albania After Hoxha's Death [10 Nov]	H 2

MIDDLE EAST & AFRICA

RENMIN RIBAO Commentary Criticizes South Africa [5 Dec]	I 1
Muslim Group Arrives in Kuwait From Saudi Arabia	I 1
PRC Religious Freedom Praised	I 2
Military Delegation Ends Zaire Visit, Departs	I 2
Iraqi Irrigation Ministry Delegation Departs	I 2

WESTERN HEMISPHERE

Hu Yaobang Meets Nicaraguan Delegation 9 Dec	J 1
XINHUA on U.S. 'Interference' in Nicaragua	J 1
Reportage on Visit of Brazilian Assemblymen	J 2
Greeted by Peng Chong	J 2
Peng Zhen Fetes Group	J 2
Meets Zhao Ziyang	J 3
Meets Li Xiannian	J 3

PRC NATIONAL AFFAIRS

Circular Urges Correction of 'Unhealthy Practices'	K 1
RENMIN RIBAO on Changqing Work Style Improvement [4 Dec]	K 4
Commentator's Article	K 5
Chen Pixian on Spreading Legal Knowledge	K 6
Zheng Tianxiang Discusses Improving Public Order	K 8
GUANGMING RIBAO on Preventing Investment Expansion [9 Nov]	K 8
GUANGMING RIBAO Views Power for Making Investment [23 Nov]	K 12
Economist Discusses Sources of Socialist Land Rent	K 14
[JINGJI YANJIU 20 Oct]	
Inflationary Effect of Subsidized Housing	
[RENMIN RIBAO 22 Nov]	K 18
JINGJI RIBAO: Third Talk on Bankruptcy Law [16 Nov]	K 18
Development of Bankruptcy Law	K 21
Foreign Exchange Reserves Reported on Increase	K 21
Gold Smugglers in PRC Run Risk of Death Penalty	K 22
[CHINA DAILY 10 Dec]	

PRC REGIONAL AFFAIRS

EAST REGION

Lu Dong Studies Anhui's Rural Industry	O 1
Fujian, UNIDO Hold Investment Promotion Meeting	O 1
[FUJIAN RIBAO 26 Nov]	
Nanjing Groups Mark December 9th Movement	O 2
XINHUA RIBAO Editorial Urges Stable Prices [30 Nov]	O 2
Jiangxi Unveils Ambitious Economic Goals	O 4
[CHINA DAILY 9 Dec]	
Shandong CPC Committee Holds Plenary Session	O 5
Shandong Promotes Observation of Constitution	O 7
Wang Fang, Xue Ju Address Zhejiang Party Meeting	O 8

SOUTHWEST REGION

SICHUAN RIBAO Urges Students To Shoulder Burdens [6 Dec]	Q 1
Xizang People's Congress Plenum Reports to Banqen	Q 1
Xizang Chairman Retires, Acting Chairman Named	Q 2
Xizang To Send Economic Investigators to Hong Kong	Q 2
Xizang Leaders Instruct Work Style Inspectors	Q 3
Pu Chaozhu Welcomes Veteran Comrades to Yunnan	Q 3
Yunnan Urges Implementing Policy on Intellectuals	Q 4

NORTH REGION

BEIJING RIBAO Reports Leadership Changes [25 Nov]	R 1
Beijing Commentary on Fighting Economic Crime	R 1
Hebei Governor on Improving Urban Economy	R 2
Hebei Conference Stresses Foreign Trade Relations	R 4
Briefs: Beijing Grain Output	R 4

U.S. COMMERCE SECRETARY ARRIVES IN MOSCOW

OW090731 Beijing XINHUA in English 0640 GMT 9 Dec 85

[Text] Moscow, December 8 (XINHUA) -- U.S. Commerce Secretary Malcolm Baldrige arrived in Moscow today as the head of a delegation of 150 U.S. businessmen for the first major U.S.-Soviet meeting since the Geneva summit, the Soviet news agency TASS reported. The delegation will join some 250 other U.S. businessmen already here for the ninth annual session of the U.S.-Soviet Commercial and Economic Council. The meeting, which begins Monday, has a record number of participants from both sides.

Mr. Baldrige said on arrival at the snowy Sheremetyevo Airport that the get together was a "major step" in development of bilateral relations following the November meeting between U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev, TASS said. "The fact that about 400 American businessmen are coming to take part shows that the U.S. is willing to develop trade with the Soviet Union," Baldrige noted, adding that "a great deal is to be done" to ensure continuing cooperation between the two sides.

Baldrige, who was in Moscow, last May for the resumption of government-to-government trade talks after a break of six years, is not on an official visit this time. But U.S. officials said he was sure to meet new Soviet Foreign Trade Minister Boris Aristov and possibly Gorbachev.

In a brief airport statement Baldrige said the council provided a "good building block for the future." A council spokesman added that the businessmen wanted to make the most of the "new wave of optimism and new political climate" after Geneva.

Dwayne Andreas, U.S. co-chairman of the sponsoring trade council, said the future of U.S.-Soviet trade relations looks good.

Greeting the U.S. guests at the airport, Soviet co-chairman of the council Vladimir Sushkov, who is also deputy foreign trade minister, said that he expected the council meeting to result in increased trade.

The 400-strong U.S. delegation representing about 250 firms or organizations, will discuss possible new contracts with officials from about 120 Soviet departments or organizations.

Last year, U.S. exports to the Soviet Union increased to 3,283 million dollars, much more than the 1983 level of 2,002 million while imports from the Soviet Union also expanded from 367 million to 602 million dollars. However, both imports and exports remained below the peak levels of 1979.

NATO PRESENTS COUNTERPROPOSAL AT MBFR TALKS

OW061007 Beijing XINHUA in English 0853 GMT 6 Dec 85

[Text] Vienna, December 5 (XINHUA) -- The 37th round of the Mutual and Balanced Forces Reduction (MBFR) talks ended here today with NATO making a proposal for the withdrawal of 11,500 Soviet and 5,000 U.S. troops from Central Europe and a three-year freeze in the number of their respective forces.

NATO made the offer in response to a Warsaw Pact proposal last February calling for a reduction of 20,000 Soviet and 13,000 U.S. troops with their arms. The accord would become effective a year after an agreement was signed, Western diplomats said.

Speaking for NATO at today's session, chief British representative Michael Alexander said the NATO governments had concluded that the Warsaw Pact's offer, "despite the imperfections, might form a framework on which the two sides could work together with some hope of reaching an agreement."

Chief Soviet representative Valeriy Mikhaylov hailed the NATO response, but said the West tried "to impose excessively inflated verification measures disregarding existing realities." He said that the response "does not give cause for optimism," but would be given careful consideration.

Robert Blackwill, the head of the U.S. delegation, said the offer, which would become effective a year after an agreement was signed, was a sign of NATO's determination to produce a breakthrough in the MBFR negotiations and hoped that "intense negotiations could now begin."

Both sides agreed to limit troops to 900,000 each in the central European theater, Western diplomats said. The major difference between the two sides lies in the verification measures. In general the Warsaw Pact proposal provides for less stringent verification measures, according to Western diplomats here.

The NATO proposal also calls for the exchange of a list of troops to be withdrawn by the United States and the Soviet Union, a commitment not to redeploy those troops in other European theaters, the creation of permanent check points to be mandatorily crossed by withdrawing troops and 30 annual inspections by each side during the three years following the troop reduction.

LI KE PLEDGES CONTINUED SUPPORT FOR UNIDO

OW100731 Beijing XINHUA in English 0648 GMT 10 Dec 85

[Text] Vienna, December 9 (XINHUA) -- China will further cooperate with the United Nations Industrial Development Organization (UNIDO) after the organization has been converted to a specialized agency of the United Nations, Li Ke, deputy to the Chinese minister of foreign economic relations and trade said today.

Li is leading a Chinese delegation to the first session of UNIDO's general conference. In a speech Li pledged that China will do what it can to promote international industrial co-operation. He pointed out that UNIDO is entrusted with the heavy task of supporting Third World industrialization and promoting North-South industrial cooperation. The implementation of these tasks will make a true contribution towards the establishment of a new international economic order, he added. Therefore, it is necessary for all the members to support the work of the Secretariat "intellectually, financially and materially." Li said that present world economy is not promising and there is little hope for more financial support for UNIDO. Therefore, Li added, "It is all the more necessary for us to have an overall arrangement with careful planning and to increase efficiency by improving management, so that less money can do more things."

Li described international industrial assistance as a type of international cooperation, adding its often mutually beneficial. "If UNIDO does a good job in carrying out its various functions, not only the recipient countries but also the donor countries will benefit." Li expressed the hope that UNIDO Secretariat will improve its quality of operations and efficiency. "Let its achievements convince the donor countries to make generous contributions and its member states to extensively utilize the organization's services," he added.

LIAOWANG ON NEW U.S. AMBASSADOR'S BACKGROUND

HK090229 Beijing LIAOWANG in Chinese No 47, 25 Nov 85, pp 35-36

[Article by contributing reporter He Chengzhang: "The New Ambassador From Washington"]

[Text] Winston Lord, new U.S. ambassador to China, left New York on 12 November and arrived in Beijing to assume office. This was the 12th time he has traveled to China. Traveling to China always excites an American like him.

He still remembers his first "mysterious journey" to "open the door of China" with Dr Kissinger in July 1971. Afterward, people said that Kissinger was "the first American who crossed the Chinese boundary." The fact is that when they traveled in the Pakistani president's plane to enter Chinese territory from the west, Lord sat in front of Kissinger so that he would be the "first American" to arrive in China, one second ahead of Kissinger.

He also remembers the historical moment when he accompanied President Nixon on his first visit to China and later accompanying President Ford when he visited China. He remembers meeting with Chinese leaders Mao Zedong, Zhou Enlai, and Deng Xiaoping, and the numerous talks, some of which lasted all night long, held at the Great Hall of the People, at Zhongnanhai, and at the Diaoyutai compound.

This time, however, his journey to China was quite different from the previous times. He comes to China, together with his Shanghai-born wife of Chinese origin, Ms Bao Baiyi, as the third U.S. ambassador to the PRC, and he will reside in Beijing.

Perhaps their marriage is a coincidence or arranged by fate. Lord was born and raised in New York. In the fall of 1959, this 22-year-old young man graduated from Yale University with outstanding grades in all subjects studied. He continued his post-graduate studies at the Fletcher School of Law and Diplomacy, which is responsible for training the country's career diplomats. Coincidentally, Miss Bao was also studying there. Lord found that this graceful Eastern lady took detailed and orderly notes in economics classes, which he found a bit difficult. When he sought her help, their eyes met for the first time. During the year that they were fellow students, he not only learned a lot from her economics notes, but also acquired knowledge about China's culture and traditions. The ancient civilized country in the faraway East became more and more attractive to him. Lord also fell in love with this Chinese girl when they graduated from school.

After a short period in the military, Lord, who was influenced and encouraged by his mother, went to Washington and joined the ranks of American diplomats. At the same time, Miss Bao also moved from Hawaii, where she worked with a cultural center, to Washington. In May 1963, when they were planning to get married, Lord was warned by the government that if he married a girl of Chinese origin, he might not be given the opportunity to handle affairs concerning China. When he had to make his choice between love and career, his heart had been conquered by love, and later he lost the job he also loved.

They had a baby girl the year after they married, and a son in the fourth year. Aside from taking care of the children, Mrs Lord is also a writer. Her novel "Spring Moon" has been a bestseller in the United States, and the Chinese translation of this book is to be published next year in China. Some first-class American movie directors are planning to adapt the story for the screen. On the other hand, Lord spent these years successively in the White House and the Department of State.

Of course, the affairs he handled were not related to China. Although he often said that he wanted to be a generalist able to handle world issues of all kinds and not restrict his expertise to Chinese affairs, the desire to study Chinese affairs has never left his mind.

In 1969, Kissinger was appointed national security adviser. He decided to recruit some young and capable foreign affairs experts as assistants. Lord was favored by Kissinger and became his competent assistant. The restraints on Lord's job were lifted. Lord could not only handle affairs concerning China, but also became a senior adviser to Kissinger, who was then simultaneously national security adviser to the President and secretary of state. Together with Kissinger, Lord participated in almost all important presidential visits to foreign countries. He has made six visits to Moscow and participated in talks on the Vietnam issue held in Paris and Hanoi. He has left his footprints in the Middle East, Africa, Latin America, Japan, and Western Europe. In 1977, he resigned from the government and began to work as president of the American Foreign Relations Committee located in New York. When recalling his past experiences, he said that the most inspiring success in his life was the series of visits to Beijing.

Although President Reagan nominated him to be the third ambassador to China 5 weeks ago, his appointment was delayed by Congress because a senator unreasonably attacked China's population policy. It was not until 5 November that the Senate approved his appointment with a vote of 87 to 7. Some people have said that Lord is the third American ambassador who has a wife of Chinese origin, but the other two ambassadors were not sent to China. He is not the first ambassador to take office in the native country of their spouse. There is a precedent: Former American Ambassador to Japan Reischauer has a wife of Japanese origin.

On the eve of his departure to Washington to attend the swearing-in ceremony held by Secretary of State Shultz, Lord granted me an interview at his residence in New York. He told me of his personal experiences, his family, his diplomatic career. Our talk covered a wide range of topics.

Talking about belief, he said that although he is the son of a Protestant, he finds that China's tradition of highly valuing family links and education is in line with his own values. He believes that "yin and yang alternately dominate a person's life." Then he added with a smile: "I have been lucky most of my life." Mrs Lord who sat beside him warned her husband: "This time, you will go to my mother country to be an ambassador, so you must not be slipshod in your work." After laughing, he began to praise his wife: She has a good understanding of both American and Chinese culture, and has many relatives in China. "Last July, when President Li Xiannian visited the United States, at a luncheon held at Washington's Mayflower Hotel, the sponsor introduced me to President Li. President Li asked why the wife of the appointed ambassador was not there. When she stood up she won warmer applause than I did."

He said that he speaks French, but has absolutely no knowledge of Chinese. I said: "Your wife came to the United States with her parents when she was 8 years old. Now she not only speaks pure English, but also speaks Putonghua and Shanghai dialect as fluently as Beijing and Shanghai natives do. Why does she not teach you Chinese?" He explained: "It is not that she doesn't teach me. After getting married, I thought that I would not have any opportunity to work in China. So I lost my motivation to study the Chinese language." "Now, in order to understand China more deeply, I shall begin to study Chinese." This tall and green-eyed career diplomat said seriously: "However, a person should know the limits of his ability." Then he told me a short story from the past: One afternoon in Beijing, when Premier Zhaou Enlai invited Kissinger and me to tea, Kissinger told premier Zhou that I was skillful at table tennis. Three days later, some people arranged a table tennis game for me, and I was surprised to find that my opponent was a former world champion. Although he played in a gentle manner, I felt that I was showing poor skill before an expert.

He said that his favorite pastime is sports, especially tennis. He said that he wished that Vice President Bush would advise him about his experience of playing tennis against Vice Premier Wan Li so that he, too, may play Vice Premier Wan Li when he is in Beijing.

As far as his mission is concerned, Lord said that he and his wife are going to China as official representatives of the interests of the United States. They will represent the U.S. Government, and will also represent a broad social sector of American culture. They will convey the viewpoints of the U.S. Government to the Chinese Government, and also report various events happening in China to the U.S. Government. He said: Both China and United States are great countries. There are opportunities between the two countries, and both are faced with various challenges. His mission will be to make joint efforts with people in both countries to lay a more solid foundation for the smooth development of Sino-U.S. relations.

REAGAN ANNOUNCES NATO TROOP REDUCTION PROPOSAL

OW060208 Beijing XINHUA in English 0135 GMT 6 Dec 85

[Text] Washington, December 5 (XINHUA) -- U.S. President Ronald Reagan announced in a statement today that the United States and its NATO allies have introduced in Vienna a new proposal on reduction of conventional forces in Central Europe in an effort to "break the long deadlock" in the 12-year-old talks.

The proposal, coupled with a package of verification measures, calls for the removal of 5,000 American troops from Western Europe and 11,500 Soviet troops from Eastern Europe. "These figures reflect the ratio between existing U.S. and Soviet troop levels in the area," the statement said.

As soon as these reductions are completed, NATO is prepared to accept a commitment by both alliances not to increase forces in Central Europe in the following three years, the statement said. It stated that the United States and its NATO allies will no longer insist on one of their principal demands in the previous negotiations -- that before discussing troop reductions, the two sides must first agree on how many troops they now have in Europe.

NATO contends that the Warsaw Pact countries have 1,210,000 troops in ground and air forces as compared to 990,000 NATO troops. The Warsaw Pact says that its forces total matches that of the NATO.

The proposal, described here as a concession, was the first major Western decision on arms control since the Geneva summit meeting between President Reagan and Soviet leader Mikhail Gorbachev two weeks ago.

Reagan urged the Soviet Union and other Warsaw Pact countries to consider the proposal carefully so as to help "fulfill the commitments made at the Geneva summit and produce real progress in Vienna which would reduce forces in Central Europe."

U.S. STUDY WARNS SDI WILL ACCELERATE ARMS RACE

OW081945 Beijing XINHUA in English 1928 GMT 8 Dec 85

[Text] Washington, December 8 (XINHUA) -- A study by the New York City Bar Association has warned that President Ronald Reagan's "star wars" program could dangerously step up the arms race between the two superpowers, THE NEW YORK TIMES reported today.

The study, made public last week, said that relations between the United States and the Soviet Union have now reached a crossroad that will require both sides to make landmark decisions on arms control in the near future. It said that it is essential to recognize that "efforts by either the United States or the Soviet Union to develop systems to defend populations from ballistic missile attack will, under present and foreseeable circumstances of U.S.-Soviet relations, almost certainly stimulate an offensive buildup by the other." "A key danger", the study said, "is that a large U.S. program on nation-wide ballistic missile defense will result in an acceleration of the Soviet offensive buildup, will undermine the Anti-Ballistic Missile (ABM) Treaty of 1972, and will lead to an unregulated arms competition in both offense and defense, a competition which will be unlimited in expense, danger and duration."

It noted that there exists now "a historic opportunity" for the two superpowers to develop a long-term arms control process that would gradually lead to major reductions in offensive weapons. The starting point of the process, the study suggested, should be an updating and strengthening of the ABM Treaty both by closing loopholes the Soviets can exploit and by preserving the treaty's prohibition on field testing of defensive systems like "star wars." It also recommended that the Soviet Union reduce substantially the number of land-based missiles with multiple warheads, which make up the most potent part of the Soviet nuclear arsenal. In exchange, the study said, the United States should accept limits on its heavy bombers and air-launched cruise missiles.

SHANGHAI CITYBANK OFFICE HOLDS OPENING CEREMONY

OW051916 Beijing XINHUA in English 1659 GMT 5 Dec 85

[Text] Shanghai, December 5 (XINHUA) -- Citybank N.A. of the United States set up an agency here today.

The agency will promote economic, financial and commercial transactions between U.S. businesses and Shanghai, the leading industrial city of China, Chairman of the bank David S. Vanpelt said at the opening ceremony. The agency will also help Shanghai attract foreign investment and import advanced techniques and equipment, he said.

Citybank N.A. is one of 21 foreign banks which have established their offices in this city in recent years. Secretary-General of the city government Qian Xuezhong attended the opening ceremony.

GU MU MEETS U.S. BUSINESS LEADERS 6 DECEMBER

OW061148 Beijing XINHUA in English 1139 GMT 6 Dec 85

[Text] Beijing, December 6 (XINHUA) -- State Councillor Gu Mu today met a delegation from the Young Presidents' Organization of the United States.

Based in New York and with branches in more than 50 countries, the organization comprises over 5,000 company presidents under the age of 50.

The delegation has come to visit China as guests of the Chinese People's Association for Friendship With Foreign Countries.

REPORTAGE, COMMENT ON JI PENGFEI HONG KONG VISIT

Departs Beijing 10 Dec

OW100738 Beijing XINHUA in English 0706 GMT 10 Dec 85

[Text] Beijing, December 10 (XINHUA) -- Chinese State Councillor Ji Pengfei left here by air this morning for a visit to Hong Kong at the invitation of Sir Edward Youde, governor of Hong Kong. Ji is director of the Hong Kong and Macao Affairs Office under the State Council, and chairman of the Committee for Drafting the Basic Law of the Hong Kong Special Administrative Region. Li Hou, deputy director of the State Council Hong Kong and Macao Affairs Office and secretary-general of the Hong Kong Basic Law Drafting Committee, is accompanying Ji on the visit. Due to poor health Ji's wife Xu Hanbing could not accompany him to Hong Kong.

Ji was seen off at the airport by Wang Hanbin, secretary-general of the Standing Committee of the National People's Congress; Zhou Nan, vice-minister of foreign affairs; Lu Ping, secretary-general of the Hong Kong and Macao Affairs Office under the State Council; and P.A.B. Thomson, charge d'affaires ad interim of the British Embassy here.

Issues Arrival Statement

OW100948 Beijing XINHUA in English 0925 GMT 10 Dec 85

[Text] Hong Kong, December 10 (XINHUA) -- Chinese State Councillor Ji Pengfei said that the main purpose of his visit to Hong Kong was to "gain first-hand information about Hong Kong." In a written statement upon his arrival here this morning, Ji said that he would like to hear from the people in all walks of life on the problem of how to keep Hong Kong stable and prosperous and how to draft the basic law.

Ji arrived here for a three-day visit at the invitation of Hong Kong Governor Edward Youde. He is the highest Chinese official that has ever visited the region as guest of the Hong Kong Government since 1949. Ji Pengfei heads the Hong Kong and Macao Affairs Office under the State Council and the Committee for Drafting the Basic Law of the Hong Kong Special Administrative Region (SAR), which China is going to establish after recovering the sovereign rights over Hong Kong in 1997. Ji said that he was very happy to visit Hong Kong on the eve of the first anniversary of the official signing of the Sino-British joint declaration on Hong Kong. After the visit, Ji and his party will stay on as guests of the five vice-chairmen of the Hong Kong Basic Law Drafting Committee residing in Hong Kong. He will also attend the inauguration ceremony of the Hong Kong Basic Law Consultative Committee scheduled for December 18.

Li Hou on Visit

OW091147 Beijing XINHUA Domestic Service in Chinese 0850 GMT 9 Dec 85

[By reporters Xue Jianhui, Hu Chuangwei]

[Text] Beijing, 9 Dec (XINHUA) -- At an interview prior to his visit to Hong Kong, Li Hou, deputy director of the Hong Kong and Macao Affairs Office, said: It is the right time for Ji Pengfei and his party to visit Hong Kong because the official signing of the Sino-British joint declaration on the question of Hong Kong is approaching its first anniversary, and the Basic Law Consultative Committee for the Hong Kong Special Administrative Region has been formed and will soon be inaugurated.

Li Hou continued: Ji Pengfei has met with many people from Hong Kong and Macao over the past several years who have expressed the hope that he would visit Hong Kong. As a state councillor, director of the Hong Kong and Macao Affairs Office, and chairman of the Basic Law Drafting Committee for the Hong Kong Special Administrative Region, it is necessary that Ji Pengfei should visit Hong Kong to gain firsthand understanding. Now is a very good time to fulfill this wish.

Li Hou said: The main purposes of this Hong Kong visit are to gain more first-hand knowledge about Hong Kong, meet with friends of various quarters there, and solicit opinions on maintaining Hong Kong's stability and prosperity during the transitional period and on drafting the basic law.

Li Hou added: In general, the visit of more than 10 days will be divided into two stages. During the first 3 days, they will be guests of Hong Kong Governor Youde and will have a meeting with him. During the following days, they will attend activities arranged by the five vice chairmen of the Basic Law Drafting Committee in Hong Kong.

Li Hou also said: Ji Pengfei and his party will total eight members. Xu Hanbing, Ji Pengfei's wife, who had been scheduled to visit, has canceled her trip due to health reasons.

ZHONGGUO XINWEN SHE Commentary

HK091456 Beijing ZHONGGUO XINWEN SHE in Chinese 1250 GMT 9 Dec 85

[Commentary by ZHONGGUO XINWEN SHE reporter Guo Zhaojin: "Ji Pengfei's Hong Kong Visit Will Contribute to Hong Kong's Stability and Prosperity"]

[Text] Beijing, 9 Dec (ZHONGGUO XINWEN SHE) -- A 10-member delegation led by Ji Pengfei will arrive in Hong Kong on 10 December and visit for 10 days or so. Ji Pengfei's Hong Kong visit has attracted widespread attention because he has been invited to visit Hong Kong in his capacity as state councillor, director of the State Council's Office in Charge of Hong Kong and Macao Affairs, and chairman of the Basic Law Drafting Committee of the Hong Kong Special Administrative Region. He is the highest ranking official from the Chinese Government to visit Hong Kong in the past 30 years or so. He has been in charge of Hong Kong and Macao affairs since he replaced the late Liao Chengzhi as chairman of the State Council's Office in Charge of Hong Kong and Macao Affairs in 1983.

Ji Pengfei and his party have accepted the invitation to visit Hong Kong on the eve of the first anniversary (19 December) of the signing of the Sino-British joint declaration on the question of Hong Kong. The timing is indeed opportune. As Hong Kong's stability and prosperity conforms to the interests of both China and Britain, both sides have cooperated well by and large, and Hong Kong has smoothly entered the transition period. According to the stipulations of the joint declaration, Britain will be responsible for Hong Kong's administration during the transition period. However, there is a question related to the transfer in the future. Hong Kong's development should be channeled in line with the future basic law so as to guarantee the smooth transfer of government in the future and ensure Hong Kong's long-term stability and prosperity. During his stay in Hong Kong, Ji Pengfei will first meet and hold talks with Governor Youde, which will help enhance mutual understanding. It is believed that this will be conducive to the implementation of the joint declaration and to Hong Kong's future stability and prosperity.

If Hong Kong is to maintain its stability and prosperity for a long time to come, the drawing up of a good basic law is the key.

The Basic Law Drafting Committee has been founded and its first session has been held. Its second session will be held in April 1986, and will begin drafting the framework of the basic law. The Basic Law Consultative Committee has already been organized in Hong Kong. The reactions of people in all circles have been positive and many have taken an active part. It has been learned that during his stay in Hong Kong, Ji Pengfei will participate in the inauguration of the Basic Law Consultative Committee and will meet people from all circles. This sufficiently proves Beijing's sincere willingness to listen to the suggestions of people in all circles in the course of drafting the basic law.

Over the past few years, people in all circles in Hong Kong have continuously visited Beijing, frankly and directly presenting their views to Ji Pengfei. When news of Ji's current visit to Hong Kong was made public, people in all circles in Hong Kong unanimously expressed their welcome and support. This demonstrates that people earnestly hope that China's high-ranking officials will gain a profound knowledge of Hong Kong. This is all the more important for Ji Pengfei, chairman of the Basic Law Drafting Committee, who will get an overview of Hong Kong when he makes his visit to Hong Kong. He will acquire much reference information, which will be helpful in drafting the basic law.

People from the hinterland need to have profound knowledge of Hong Kong, and people in all circles in Hong Kong need to further understand the hinterland. Hong Kong's stability and prosperity depend largely on the hinterland. If the political situation in China is stable and its policy remains unchanged, Hong Kong's stability and prosperity will be ensured. The four modernizations of the hinterland also require the long-term stability and prosperity of Hong Kong. When Hong Kong's situation was clarified, the confidence in the future of the Hong Kong people was universally restored after some twists and turns. The Hong Kong visit of Ji Pengfei and his party shows the concern of the Chinese Government over the stability and prosperity in Hong Kong's future. Through the current visit, the Hong Kong people will hopefully further strengthen their confidence in the future.

HU YAOBANG MEETS DEMOCRATIC KAMPUCHEA DELEGATION

OW101128 Beijing XINHUA in English 1114 GMT 10 Dec 85

[Text] Beijing, December 10 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang said today that the Kampuchean issue will eventually find a political solution. But he stressed that the basic precondition for a political solution must be the withdrawal of Vietnamese troops from Kampuchea. He also stressed that the new tricks Vietnam is playing are bound to go bankrupt. Hu made these remarks at a meeting here with Democratic Kampuchean delegation headed by Samdech Norodom Sihanouk, president of Democratic Kampuchea, and with Son Sann, prime minister of the Coalition Government, and Khieu Samphan, vice-president in charge of foreign affairs, as the deputy heads.

Hu noted that the Kampuchean struggle to resist Vietnamese aggression and save the country has attained new progress in the past year and is winning more and more sympathy and support from international society. This is because the Kampuchean Army and people are waging a heroic fight, he added. He pointed out that the struggle of the Kampuchean people, and that of the Afghan people and of the Palestinian people who demand the restoration of their national rights, as well as the struggle of the South African people who oppose racial segregation, have all made contributions to the defense of world peace and will be recorded in the history of the world development.

Hu Yaobang said: "At the early stage of the Vietnamese aggression against Kampuchea, we pointed out that the war would be futile, but they refused to take our advice.

"They now again boast that Kampuchea's defense would collapse within five years, and this is nothing but illusion."

Sihanouk thanked the Chinese Government and people for their support to the Kampuchean people's struggle for liberation from the Vietnamese aggressors. He said that the three parties are determined to strengthen their alliance and unity in their persistent struggle and coordinate in the battlefields until Vietnam withdraws all its troops from Kampuchea, according to the resolution of United Nations' General Assembly, he affirmed. Sihanouk said there would be no way for Vietnam to solve the problem by means of war, stressing that only Vietnam's refusal to withdraw its troops stood in the way of a settlement.

Premier Son Sann said at the meeting that the understanding among the three parties was much deeper than before, and their unity had been enhanced. "We are united as one and are convinced that our struggle will succeed sooner and later," he said, "because our struggle is just and draws support from China and many other countries in the world."

Vice-President Khieu Samphan stressed the importance of keeping the coalition united. Sihanouk was now the long-term president of Democratic Kampuchea, he said.

Present on the occasion were Madame Sihanouk, and Ai Zhisheng, chairman of the reception committee and minister of radio and television.

Hu held a luncheon in honor of the distinguished Kampuchean guests after the meeting.

BEIJING RADIO REPORTS LEADERS' GREETINGS TO LPDR

BK030829 Beijing International Service in Lao 1230 GMT 1 Dec 85

[Text] Comrade Li Xiannian, president of the PRC, and Comrade Zhao Ziyang, premier of the State Council, today sent a joint greetings message to Comrade Souphanouvong, president of state and chairman of the Supreme People's Council of the Lao People's Democratic Republic [LPDR], and Comrade Kaysone Phomvihane, chairman of the LPDR Council of Ministers, wholeheartedly welcoming the 10th anniversary of the LPDR founding. The message reads:

On the occasion of the 10th anniversary of the LPDR founding, on behalf of the Chinese Government and people we extend our wholehearted congratulations to you, comrades, and, through you, to the Lao Government and people.

The Lao people of all tribes, who have maintained an honorable tradition, waged a heroic and protracted struggle to regain national independence and to liberate the country. We sincerely wish that the Lao people score one new achievement after another in their endeavor to build their country.

China and Laos have shared common mountains and rivers. In the common struggle against neocolonialism, colonialism, and imperialism, the peoples of our two countries sympathized and supported each other. With (?a sense of) profound friendship, the Chinese Government and people always cherish the traditional friendship between China and Laos. We sincerely hope that if the two sides try together, the friendship relations and cooperation between the two countries will be restored and rapidly developed.

XINHUA ANALYZES NEW SOUTH ASIAN COOPERATION

OW081528 Beijing XINHUA in English 1444 GMT 8 Dec 85

["News Analysis: SAARC is Born (by Ma Guang and Lo Yuen Hing)" XINHUA headline]

[Text] Dhaka, December 8 (XINHUA) — The South Asian Association of Regional Cooperation (SAARC) was founded here today as an expected outcome of the first ever summit of its seven member countries.

After the two-day summit, the seven South Asian countries, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, have entered a new stage of regional cooperation among Third World countries. A charter was declared setting out SAARC's objectives, principles and institutional arrangements. A declaration was issued expressing the joint aspiration of SAARC leaders to cooperate to accelerate economic and social development in the region. What [is] behind these is the expectation that the association being confined to economic, social and cultural areas will further help promote political understanding and cooperation among its members.

In the past, South Asia was a region dominated by distrust and conflicts as a result of varied contradictions and problems. Most of the South Asian countries so far are more or less involved in bilateral disputes over border, territories, race, immigrants, political and economic interests or armament. However, leaders of the countries had finally sat together in a summit in a harmonious atmosphere. This is really a breakthrough.

The regional cooperation roots in the common demand of the South Asian peoples. Having suffered serious economic exploitation by imperialists and colonialists, the region, inhabited by a population of one billion, is among the least developed, contributing only some two percent to world production. The South Asian peoples are pressing for peace and development in order to improve their livelihood. Regional cooperation is a right way by which they can attain the goal.

Regional cooperations in Latin America, Africa, and Southeast Asia have proven conducive to those regions' development. The Association of Southeast Asian Nations (ASEAN), founded in 1967 as a regional organization for the promotion of social, economic and cultural development, have strengthened political unity in recent years and become both a political and economic body. To catch up with this general trend, the South Asian countries have recognized and accepted the Five Principles of Peaceful Coexistence as a guideline for regional cooperation since the initiation of the idea by late Bangladesh President Ziaul Rahman in 1980. In addition, it is also agreed that decisions at all levels of the cooperation shall be taken on the basis of unanimity, and that bilateral and contentious issues shall be excluded from deliberations. Hence, setting aside their political contradictions, the South Asian countries are able to start economic, social and cultural cooperation.

SAARC, like a new-born baby, is vulnerable to blows and drawbacks. Some existing political problems between the member countries might harness the association's progress and even cause setbacks in its future. Some of those contradictions would be exacerbated and become severe conflicts in spite of the establishment of the SAARC. Unstable elements generated from external intervention still exist in the South Asian political arena. Yet, the common desire of the South Asian peoples and the general trend of regional cooperation may possibly generate momentum going against such crosscurrents and bring in a better prospect for the region.

SPANISH COMMUNIST PARTY HEAD'S BIRTHDAY OBSERVED

Hu Yaobang Sends Greetings

OW071856 Beijing XINHUA in English 1842 GMT 7 Dec 85

[Text] Beijing, December 8 (XINHUA) -- Chinese Communist Party leader Hu Yaobang today praised Spanish Communist Party Chairman Dolores Ibarruri for her efforts in seeking a Spanish road towards socialism and her contribution to the world labor movement and world peace. The praise was bestowed by Hu, general secretary of the Central Committee of the Communist Party of China, in a message greeting Ibarruri on her 90th birthday, which falls upon December 9.

Ibarruri is an excellent daughter of the Spanish people and a long-tested leader of the Spanish Communist Party, who has, since her youth, taken part in the labor movement and the struggle for democracy in her country and worked whole-heartedly for the building, unity and development of the party, Hu said. "You have won the respect and love of communists, revolutionary people and progressive personages in different countries by making an active contribution to the labor movement and the communist movement of the world as well as the cause of world peace," Hu said.

Calling Ibarruri a respected friend of the Chinese Communists and the Chinese people and "La Passionara" who stirred the enthusiasm of the communists, working people and progressive personages of the world, Hu wished her the best of health and longevity. In conclusion, Hu expressed the hope that the Spanish Communists, under the banner of Ibarruri, will strengthen their unity and achieve new victories.

CPC Group Visits Ibarruri

OW071926 Beijing XINHUA in English 1849 GMT 7 Dec 85

[Text] Madrid, December 6 (XINHUA) -- Dolores Ibarruri, chairman of the Spanish Communist Party, today received a delegation from the Communist Party of China (CPC) which came here yesterday specially for the celebrations of her 90th birthday.

Hao Jianxiu, secretary of the Secretariat of the CPC Central Committee conveyed to Ibarruri warm congratulations from CPC General Secretary Hu Yaobang, Chairman Deng Xiaoping of the CPC Central Advisory Commission and the CPC Central Committee. Hao told Ibarruri that her dedication to the workers' movement and democratic struggle in Spain and her vital contributions to the world workers' and communist movement and world peace have won her respect from communists, revolutionaries and other progressive people of the world. Hao also thanked Ibarruri for her contributions to the friendly relations between the Communist Parties of China and Spain and the traditional friendship between the two peoples.

Ibarruri said she was gratified to see the achievements China has made in its socialist construction, and that she wished to CPC leaders a long life.

Before saying goodbye, Hao presented Ibarruri gifts from General Secretary Hu Yaobang, including a copy of the Chinese edition of "Reminiscences by La Passionara". "La Passionara" is the pen name under which Ibarruri has written a host of articles to encourage revolution.

General Secretary Gerardo Iglesias of the Spanish Communist Party held friendly talks with Hao this afternoon. Iglesias expressed his high appreciation at the achievements China has made in its economic reform and construction.

He said that China's economic development has deeply impressed the Spanish Communists who have visited China. China's reforms will surely promote the development of the world revolutionary cause, he added. Hao wished that the Spanish Communist Party will carry its revolutionary cause forward under the leadership of Ibarruri.

EC-CHINA BUSINESS WEEK CONCLUDES IN BRUSSELS

OW080650 Beijing XINHUA in English 0635 GMT 8 Dec 85

[Text] Brussels, December 7 (XINHUA) -- The EC-China business week held to mark the tenth anniversary of the establishment of relations between China and the European Community came to a successful end here today.

During the week, a total of 60 contracts were signed. Under the contracts valued at 120 million U.S. dollars, China will import industrial equipment from Federal German, Italian, French, Belgian, Danish, British and Dutch corporations. Of the 60 contracts, six were signed by China national technical import corporation and 18 were signed by the Beijing City. In addition, delegates from China's Jiangsu, Hunan and Sichuan Provinces as well as other cities signed 56 protocols of intent for investment in China and two contracts on the utilization of foreign capital, an indication of the keen interest on the part of European companies in the China market.

The only sale-promoting group which performed well during the week was from China's Anhui Province which drew up 10 contracts with European companies, with a turnover of 5.49 million U.S. dollars.

During the week, the Chinese delegation also held forums to brief participants about China's Seventh Five-Year Plan and its preferential regulations and tax law for the introduction of foreign capital. European businessmen at the meetings aired their views about China's economic development and its open policy as well as their experiences in setting up joint ventures in China.

Encouraged by the success of the week, leaders of the European Commission proposed another EC-China business week next year to enlarge cooperation between the two sides. They suggested that the emphasis of the next business week be shifted to China's exports in order to reduce its deficit in trade with the European Community. Toward this end, the community agreed to finance two groups from China to travel to Loxembourg, Ireland, Greece and the two new members of the Community, Spain and Portugal, with a view to increasing trade between China and these "border" countries of the community.

As the EC-China week is winding up, members of the Chinese delegation are invited to travel to other European countries for more business dealings. More contracts are expected from these visits.

ZHANG JINGFU DEPARTS BELGIUM FOR FRG VISIT

OW080234 Beijing XINHUA in English 0219 GMT 8 Dec 85

[Text] Brussels, December 7 (XINHUA) -- Zhang Jingfu, Chinese state councillor and leader of the Chinese delegation to the EC-China business week, left here Saturday for a visit to Federal Germany. Zhang, together with his 150-member Chinese delegation, arrived here for the EC-China business week November 30.

During the week, Zhang met with leaders of the Commission of the European Communities and exchanged views on trade relations between China and EC. Corporations of China and EC countries signed 60 contracts valued at 120 million U.S. dollars.

SFRY PAPER INTERVIEWS HU YAOBANG ON PEACE, PROGRESS

OW091341 Beijing XINHUA in English 1320 GMT 9 Dec 85

[Text] Beijing, December 9 (XINHUA) -- China is uniting its people of all nationalities in fighting for the great goal of socialist modernization domestically; and internationally it is working together with the people around the globe in safeguarding world peace and opposing hegemonism. General Secretary Hu Yaobang of the Chinese Communist Party Central Committee made this remark during his talk with Mirko Djekic, editor-in-chief of NEDELJNE INFORMATIVE NOVINE of Yugoslavia, and other Yugoslav journalists on November 11. Full text of the talk was carried in the OUTLOOK weekly published here today.

Asked about possible changes in the world in the next decades, Hu said: "It's difficult to give an accurate forecast." He was confident that China would become a major guardian of world peace. "We are able to maintain political stability and unity provided our national economy keeps growing," he said. He noted: "A powerful and steadily developing socialist China will exercise certain weight in the defense of world peace and will be able to make a greater contribution to humanity."

The Chinese leader pointed out that some war-maniacs, the madmen who were obsessed with war, might endanger world peace by starting a war in the next decades and thus interrupt the peaceful development of the world. But, he said: "There is no reason for pessimism about the future of humanity." A major development in the contemporary world "is the steady growth of the forces of peace, the forces that serve to curb war."

On domestic affairs, he told the Yugoslav journalists that China was carrying out reforms to attain its goal of modernization. Repeated investigations and study show that many of China's specific systems were not suited to the development of the productive forces, and hampered the enthusiasm and creativeness of the masses.

Practice over the past few years proved the success of the rural reform, he added. Urban reform had just started and was gaining momentum. It would bear fruit in five years.

Hu Yaobang said China attached great importance to exchanges in science and technology. "China will not and should not change the policy of opening itself to the outside world."

Responding to a question about China's development program regarding its underdeveloped western region, Hu said that the government has decided to give the local people a free hand to develop the abundant natural resources there. The Chinese Government also encourages the western region to enter into cooperation with the developed areas on the basis of voluntary participation and mutual benefit. The government will back up the western region with money, materials and technology.

He also said that the living standard of the Chinese people has improved considerably over the past few years. Per-capita income of the peasants this year who account for 80 percent of the population, is expected to double that of 1980.

LIAOWANG DISCUSSES ALBANIA AFTER HOXHA'S DEATH

HK040541 Beijing LIAOWANG in Chinese No 21, 10 Nov 85 pp 58-59

[Article by Ge Baozhi: "Albania After the Death of Hoxha"]

[Text] On 11 April, this year, Enver Hoxha died and Ramiz Alia succeeded him as first secretary of the Central Committee of the Albanian Workers' Party.

Alia, 59, repeatedly expressed the view that it is necessary "to adhere unswervingly to Hoxha's line," stress "independence" and "self-reliance," and oppose "U.S. imperialism" and "Soviet revisionism." However, judging by developments over the past few months, Albania has been quietly carrying out a readjustment and reform at home, prudently relaxing its foreign policies and opening up to the outside world, and increasing its contacts with other countries.

In regard to domestic affairs, Alia has stressed strengthening unity and put forward the view that "the unity between the party and people is an issue vital to the survival of the party." In inner-party life, he has attached importance to practicing democracy and giving play to the role of collective leadership. At the same time, Alia has begun a reshuffle of members of the top leading groups of the party and government.

Alia has raised the slogan of "speeding up the development of production and improving people's livelihood," and expressed the view that it is "necessary to catch up with the times and the developments of science and technology." He has personally inspected work in various areas, visited factories and villages, held a meeting of cadres, and discussed the importance of developing production everywhere. He said: "The economy is the foundation of all development. Only when there is an advanced economy can there be prosperity in the country, a strong national defense, and can people's demands be satisfied." Alia has also visited the homes of workers and peasants and shown concern about people's life. He pointed out: "When people are provided with satisfactory material conditions and normal supplies, they will be able to better rally around the party."

Since 1981, Albania has forced the implementation of the "new measures" to reduce the area of private plots and privately owned livestock and to make the collectives undertake the task of breeding livestock. As a result, there has been a serious shortage of agricultural, livestock, and sideline products and meat, milk and vegetables have disappeared from the diet of some rural areas. As the number of chickens bred in some areas has fallen sharply by 40-60 percent, it has become difficult to ensure the supply of eggs in the market. To counter this situation, last June, the Albanian People's Assembly held special meetings to discuss rural policies and decided that every natural village be allowed to have its own herds of cattle and sheep and to establish an independent team specialized in vegetable production, and that every cooperative should increase the number of chickens that it breeds. Moreover, it changed the previous practice and encouraged peasants to breed chickens and grow vegetables on their own and relaxed the regulations that ban the free sale of surplus agricultural and sideline products. Alia also instructed the Council of Ministers that they must improve the market supply this year, and particularly ease the shortage of meat, vegetable and milk products.

For many years, Albania has claimed to be an entirely self-reliant country, but now Alia has expressed the desire to resume international contacts on the basis of peaceful coexistence, and in particular, to intensify contacts with its neighbors.

In the sphere of foreign economic relations and trade, Albania has already intensified contacts with other countries. Alia said that ideological and political differences should not affect economic and trade relations. Albania is exporting minerals such as chromium, copper and asphalt, electricity and early crops of fruits and vegetables in exchange for the import of industrial raw materials, spare parts and advanced technology. Recently, Albania has accorded rare courteous receptions to Italian and Greek foreign ministers and foreign trade delegations, and signed agreements to further expand trade. At the same time, it has also enlarged its trade with Turkey, Yugoslavia, and Austria. Albania has ordered equipment for its hydroelectric power stations from France. It is sending electricity to Greece and Yugoslavia through its high-tension power transmission network.

In the cultural sphere, Albania has changed its previously established practice of rejecting both Eastern and Western culture. Italy's ANSA NEWS AGENCY has signed an agreement on exchanges of news with the ALBANIAN NEWS AGENCY. Austria's television station has begun to exchange programs with the Albanian television station. For the first time since the end of World War II, Albania has sent students to study in Italy. Albania has also relaxed control over the scope allowed for foreign reporters to collect news.

This year, Albania signed the first agreement in 45 years with Greece and established three joint military committees to delimit the border between the two countries. At the same time, it has opened new border entry ports and started direct road transport with Greece. The ferry shipping line between Port Durrës and Italy's Port Brindisi has opened a sea route to Western Europe. Albania has also signed a civil aviation agreement with Turkey. Because of tension in mutual relations, there have been almost no border contacts between Albania and Yugoslavia in the past. Recently, the two sides have reached an agreement and each of them will build a railway leading to the border. When the railway that links Shkoder with Titograd is open to traffic, it will put an end to the situation of Albania having no land communications with the outside world and will thus make Albania a part of the European railway network.

Albania has always made propaganda out of the fact that it has not incurred any foreign debts or received any foreign aid. It has regarded all foreign aid and loans as the "tools of slavery" and "neocolonialist fetters." Recently, it has for the first time received financial aid from the UN International Development Organization. Franz-Josef Strauss, a leader of the Christian Democratic Union of the Federal Republic of Germany, whom Albanians had called a "neo-fascist," was invited as a guest in Albania. Despite the fact that his was a "a tourist visit," he was met by Albanian leaders. In the past, Albania demanded that the FRG pay Albania a huge amount of war indemnity, but now it has expressed its willingness to accept technological aid in lieu of this. In short, its door is gradually being opened to the outside world.

RENMIN RIBAO COMMENTARY CRITICIZES SOUTH AFRICA

HK061520 Beijing RENMIN RIBAO in Chinese 5 Dec 85 p 6

["Short" commentary: "South Africa's Threats and Blackmail Will Not Work"]

[Text] In recent weeks, the South African authorities have massed a large number of troops and have even dispatched their Air Force to invade Zimbabwe's territorial airspace. They have also formerly announced that the South African Army will replace the police force in performing patrol duties along the South Africa-Zimbabwe border. This is another flagrant step by the racist South African regime to threaten and blackmail neighboring independent countries.

In order to rationalize their aggressive and blackmailing actions, the South African authorities have claimed that the five explosion incidents in the country were the result of "external instigation." They threatened to send their troops to trace the guerrillas into Zimbabwe. This exposes their rapacious nature. As everybody knows, the people of South Africa in all circles have staged a mighty struggle against apartheid and racist oppression. Such a large-scale struggle in which so many people have participated has rarely been seen in South Africa's history. The South African authorities brazenly sent their Army and police force to cruelly suppress the movement, but they failed to put down the people's struggle. That is the background against which a number of explosions occurred. They were the result of South Africa's barbarous racist system and the regime's atrocities in suppressing the people's struggle. Now the South African authorities are trying to divert the people's attention and free themselves from the difficult position by threatening neighboring countries. Their attempt will be to no avail.

It is not without reason that the South African authorities direct the spearhead of their threats at Zimbabwe. Since it became independent in 1980, Zimbabwe has been pursuing a domestic policy of seeking reconciliation between different nationalities and a foreign policy of neutrality, and it resolutely opposes South Africa's apartheid system. This has greatly enhanced Zimbabwe's international prestige, and it has made marked achievements in all fields. However, the South African authorities regard Zimbabwe as a thorn in their side and they have never stopped their sabotage and subversive activities against Zimbabwe. Of course, the South African authorities have merely met with ignominious defeat. Now, when the South African authorities stage new threats and blackmail, Zimbabwe is determined to defeat all attacks and defend its security as announced by Munangagwa, Zimbabwe's minister of state for national security affairs. In addition, the foreign ministers' meeting of the six frontline countries has also strongly condemned South Africa for its blackmail and threats against Zimbabwe. This supports Zimbabwe and is a warning to South Africa. The South African authorities will never succeed in their perverse acts at home and abroad. Their perverse acts will just arouse stronger opposition from southern African countries and the people throughout the world and will result in their further isolation.

MUSLIM GROUP ARRIVES IN KUWAIT FROM SAUDI ARABIA

OW091236 Beijing XINHUA in English 1213 GMT 9 Dec 85

[Text] Kuwait, December 9 (XINHUA) -- The Chinese Muslim delegation led by Ismail Amat, chairman of the Xinjiang Uygur Autonomous Region, arrived here last night for a three-day friendly visit to Kuwait.

The delegation which came here at the invitation of the Kuwaiti Ministry of Awqaf and Islamic Affairs was welcomed at the airport by Kuwaiti officials in charge of religion affairs and the Charge d'Affaires ad interim of the Chinese Embassy in Kuwait Zhou Xinshan.

The delegation came from Saudi Arabia, where the Chinese Muslims went to Mecca and Medina for Omra visit. Xinjiang is China's biggest autonomous region where Muslims live in compact community.

PRC Religious Freedom Praised

OW092000 Beijing XINHUA in English 1433 GMT 9 Dec 85

[Text] Kuwait, December 9 (XINHUA) -- Kuwaiti Minister of Awqaf and Islamic Affairs Khalid Ahmad al-Jasir said here today he appreciates the Chinese Government policy of freedom in religious belief.

Talking with the visiting Chinese Muslim delegation led by Ismail Amat, chairman of Xinjiang Uygur Autonomous Region, Al-Jasir said that he has special good feeling for the Chinese Muslim brothers. When the leader of the Chinese delegation briefed him of China's Muslim religious life, the Kuwaiti minister said: "We are delighted to hear of China's policy of religious freedom and we appreciate such a correct policy."

The delegation arrived here last night after a visit to Saudi Arabia.

MILITARY DELEGATION ENDS ZAIRE VISIT, DEPARTS

OW090541 Beijing XINHUA Domestic Service in Chinese 0911 GMT 7 Dec 85

[Text] Kinshasa, 6 Dec (XINHUA) -- A Chinese military delegation wound up its 4-day friendly visit to Zaire and left Kinshasa for home on the evening of 6 December. The delegation was led by He Qizong, deputy chief of General Staff of the Chinese PLA. The delegation was seen off at the airport by Zairian Air Force and representative of the chief of General Staff of the Zairian Armed Forces.

Zairian First State Commissioner (Prime Minister) Kengo, entrusted by President Mobutu, received He Qizong and principal members of the delegation. Kengo said that the relations of friendly cooperation between Zaire and China serve as a good example for other countries.

During the visit, the Chinese military delegation met with Lekoboko, Zairian secretary of state for national defense, and held two rounds of talks with Eluki, chief of general staff of the Zairian Armed Forces, on strengthening military cooperation between the two sides. During its stay in Zaire, the Chinese military delegation, accompanied by Zairian Navy Chief of Staff Mawumba also visited Zaire's 1st Armored Brigade, 3d Military Region and 41st Commando Detachment.

IRAQI IRRIGATION MINISTRY DELEGATION DEPARTS

OW091830 Beijing XINHUA in English 1620 GMT 9 Dec 85

[Text] Beijing, December 9 (XINHUA) -- A delegation from the Iraqi Ministry of Irrigation led by Vice-Minister Hudel al-Rahim Hudel wound up its visit to China and left here for home today. While in Beijing, the delegation exchanged views with Chinese Minister of Water Resources and Electric Power Qian Zhengying on cooperation between the two sides.

HU YAOBANG MEETS NICARAGUAN DELEGATION 9 DEC

OW091322 Beijing XINHUA in English 1317 GMT 9 Dec 85

[Text] Beijing, December 9 (XINHUA) -- General Secretary Hu Yaobang of the Chinese Communist Party Central Committee today spoke highly of the just struggle of the Nicaraguan people to defend their national independence and state sovereignty. He was speaking at a meeting with a Nicaraguan party and government delegation led by Henry Ruiz, member of the National Direction of the Sandinista National Liberation Front and minister of external cooperation, and Miguel D'Escoto, minister of foreign affairs, here today.

Hu said the Nicaraguan people ushered in a new era in the Nicaraguan history by overthrowing the dictatorial Somoza regime six years ago. "The establishment of diplomatic ties between China and Nicaragua begins a new period of bilateral friendly relations," he added.

Ruiz said he was satisfied with the results of his visit as the delegation had accomplished its mission in the past four days in Beijing. He was confident that Nicaraguan-Chinese relations would enter a new period.

Present on the occasion was Qian Liren, head of the International Liaison Department of the Chinese Communist Party Central Committee.

The delegation left here for Shanghai this evening before returning home.

XINHUA ON U.S. 'INTERFERENCE' IN NICARAGUA

OW071812 Beijing XINHUA in English 1513 GMT 7 Dec 85

["Year-Enders: 1985: A Year of Struggle for Nicaragua Against U.S. Interference" -- XINHUA headline]

[Text] Managua, December 7 (XINHUA) -- The Nicaraguan people have taken pains to fight against U.S. interference and overcome their economic problems in 1985, a year which has proven to be the most difficult period since the Sandinistas took power six years ago. During the past year, the U.S. Government has mounted unprecedented political, economic and military pressure against the Sandinistas, creating great economic and social hardships in the small and struggling Central American country.

In February, for example U.S. President Ronald Reagan openly threatened to "eliminate" the "existing structure" of Nicaragua. In an apparent attempt to back up its threat, the Reagan administration unilaterally withdrew from talks with the Nicaraguan Government in Mexico last January, and has repeatedly rejected the Sandinistas' call for a resumption of the dialogue, insisting that bilateral talks will not reopen until the Sandinistas start negotiating directly with the U.S.-backed rebel forces. Meanwhile, the Reagan administration continues its flood of military and civilian aid for the anti-government insurgents based in neighboring countries. As a further provocation, the Pentagon also staged recently large-scale joint military exercises with Honduras along the Nicaraguan border, posing a grave threat on this country's security.

In a move obviously aimed at crippling Nicaragua's fragile economy, the U.S. Government launched an over-all embargo on the Sandinistas in May. In addition, it has worked hard to prevent international financial institutions from providing badly needed loans to the Nicaraguan Government.

The Sandinistas, however, have not caved in under such high pressure tactics. Instead, they have taken all possible measures to defend their revolution against repeated instances of U.S. interference and provocation. Facing the ever-growing U.S. military challenge, the Nicaraguan Government has called on its people to prepare to resist a possible invasion. However, it has also adopted flexible strategies, including sending home some of its Cuban military advisers and postponing the purchase of advanced Soviet airplanes. These examples of Nicaragua's willingness to seek peace have been applauded by the international community.

Meanwhile, Nicaraguan leaders made frequent visits to European and Latin American countries, explaining their stand and asking for political and economic assistance. Inside the country, the Nicaraguan Government has made strenuous efforts at strengthening its military forces and have gained a number of victories against the anti-government guerrillas. At the same time, the government mobilized its people engaged in production in order to become self supporting and has tightened up its national economy. Thus the difficulties confronting the country have been alleviated to some extent.

Nevertheless, Nicaragua continues search for ways of normalizing its relations with the United States, so it can develop its economy in a peaceful international environment. At the beginning of this year, Nicaraguan President Daniel Ortega expressed his hope that an understanding with the United States would be reached in 1985. Unfortunately Ortega's efforts at finding a peaceful solution here failed because of U.S. opposition to his government. Thus the feeling in Nicaragua today is that if the United States continues its policy of interference in the affairs of other nations, the tense situations both in this country and the rest of Central America cannot be relaxed in the coming year.

REPORTAGE ON VISIT OF BRAZILIAN ASSEMBLYMEN

Greeted by Peng Chong

OW080109 Beijing XINHUA in English 1917 GMT 7 Dec 85

[Text] Beijing, December 7 (XINHUA) -- A Brazilian parliamentary delegation arrived here tonight on an eight-day goodwill visit to China.

The delegation, led by Ulisses Guimaraes, president of the Chamber of Deputies, is visiting China at the invitation of China's National People's Congress (NPC). Guimaraes is president of the Brazilian ruling party -- the Democratic Movement Party -- and also served as acting president of his country when President Jose Sarney was on visits abroad twice this year.

Greeting the delegation at the airport was Peng Chong, vice-chairman of the NPC Standing Committee. Brazilian Ambassador to China Italo Zappa was also present.

Peng Zhen Fetes Group

OW090926 Beijing XINHUA in English 0915 GMT 9 Dec 85

[Text] Beijing, December 9 (XINHUA) -- Peng Zhen, chairman of China's National People's Congress Standing Committee, said here today that there are broad prospects for trade and economic and technical cooperation between China and Brazil.

Talking with a Brazilian parliamentary delegation led by Ulisses Guimaraes, president of his country's Chamber of Deputies, Peng said China and Brazil are two large countries abounding in natural resources, and they can supply each other's needs and share experiences in national construction. "There exists a solid foundation for mutual cooperation," he added.

"Guimaraes, who arrived here December 7, said Sino-Brazilian relations are very good. "There is a bright future for cooperation between the two countries," he said, calling for more exchanges in varied fields.

Peng said that Chinese Premier Zhao Ziyang's recent visit to Brazil and Guimaraes' current visit to China will surely promote bilateral relations. The chairman said China and Brazil, both developing countries, are forces safeguarding world peace.

Later, the Brazilian visitors were entertained at a luncheon hosted by Peng Zhen. The guests were scheduled to meet Chinese Premier Zhao Ziyang later in the day.

Meets Zhao Ziyang

OW091454 Beijing XINHUA in English 1440 GMT 9 Dec 85

[Text] Beijing, December 9 (XINHUA) -- Premier Zhao Ziyang said today he hoped Sino-Brazilian trade and economic relations would grow and set an example for South-South co-operation. He was speaking at a meeting here with a visiting delegation of Brazilian parliamentarians, led by Ulisses Guimaraes, president of the Chamber of Deputies.

Zhao said his recent visit to Brazil had given him the strong feeling that both countries, as developing nations, had many things in common, and that there was great scope for developing bilateral relations. The delegation's current visit would promote mutual understanding and friendship. He hoped China's National People's Congress (NPC) and the Brazilian Parliament would work together to strengthen friendship and co-operation.

Guimaraes said his meetings with NPC leaders over the past two days had been very useful. He hoped Sino-Brazilian co-operation would continue to grow. He handed Zhao a letter from Brazilian President Jose Sarney. The Chinese premier asked Guimaraes to give his best regards to Sarney, and said he looked forward to the president's visit to China.

Also present at today's meeting were NPC Standing Committee Vice-Chairman Peng Chong and Secretary-General Wang Hanbin.

Meets Li Xiannian

OW101156 Beijing XINHUA in English 1148 GMT 10 Dec 85

[Text] Beijing, December 10 (XINHUA) -- Chinese President Li Xiannian said here today that the scope of cooperation between China and Brazil is very wide.

Speaking at a meeting with a Brazilian parliamentary delegation led by Ulisses Guimaraes, president of his country's Chamber of Deputies, President Li said there are broad prospects for bilateral economic cooperation, adding that both are big countries with abundant natural resources.

Guimaraes said the two countries can cooperate in industry, agriculture and many other fields.

The Brazilian visitors will leave here tomorrow for a tour of Guangzhou, Shenzhen and Shanghai.

CIRCULAR URGES CORRECTION OF 'UNHEALTHY PRACTICES'

OW091229 Beijing XINHUA Domestic Service in Chinese 0301 GMT 9 Dec 85

[Text] Beijing, 9 Dec (XINHUA) -- The General Offices of the CPC Central Committee and the State Council recently issued a joint circular aimed at solving some serious problems that have appeared regarding the work style of party and government organs. The circular urges party and government organs at all levels to resolutely and earnestly carry out the series of instructions given by the party Central Committee and the State Council on correcting unhealthy practices, thoroughly implement the guidelines set by the National Conference of Party Delegates, and see to it that their work style is truly improved and that all corrupt phenomena have been done away with.

The circular points out: Since the commencement of party rectification, the broad masses of personnel in party and government organs have complied with the party's line, principles, and policies for the new period; seriously rectified their work-guiding concepts; made all-out efforts to improve their work style, and actively plunged themselves into the drive to reform the economic structure and other fields. They have done a lot of fruitful work in developing social productive forces and in fulfilling the general objective and task laid down by the 12th CPC National Congress. This is the principal aspect of the current situation in our party and government organs.

It should be noted, however, that some unhealthy trends that the central authorities have issued repeated instructions to stop have not yet been completely eliminated but, instead, have recently showed some development in certain party and government organs under the new circumstances, resulting in some very serious new problems. For example, some organs have violated the regulations on spending foreign exchange by buying large numbers of sedans, while some leading cadres have vied with each other to get luxurious cars to replace their original vehicles.

Taking the opportunity of the succession of new cadres to old cadres, some organs have used one pretext or another to arrange for their leading cadres to go abroad for sight-seeing on a rotational basis or for them to use public funds to travel to various parts of the country as tourists, as a favor to these cadres. Abusing the power in their hands, some organs have raised funds privately to establish enterprises or corporations to do business or even resorted to illegal ways to make exorbitant profits through market speculation or swindling. Some leading cadres and their children and spouses have also taken advantage of their functions and powers and certain sorts of conveniences for doing business to make money to fill their purses. Some organs have the habit of holding banquets and sending gifts in an ever-growing trend to go in for extravagance and compete with each other in lavishness. Some organs have collected fees and funds indiscriminately or even used deception and blackmail, and they stick to their ways in total disregard of the rules established by the central authorities.

All these corrupt instances run counter to the socialist spiritual civilization. Though they appear among only a small number of organs and persons, they have seriously damaged the prestige of our party and government with the masses, marred the style of our party and the general mood of our society, and shaken the people's confidence in the work of reform and the program of the four modernizations. The broad masses are extremely dissatisfied with these instances. For this reason, it is imperative to pay close attention to this state of affairs and to take effective measures to correct it as early as possible.

The circular states: It is of vital importance for party and government organs to uphold a fine style of work, which plays a key role in bringing about a fundamental turn for the better in our party style and social mood. All personnel of party and government organs, primarily leading cadres at all levels, should have a clear understanding that they are public servants of the people and that refraining from seeking private gains, being honest in performing their duties, and serving the people wholeheartedly are the minimum requirements they have to meet. Only by doing so can they win genuine support from the people, do still better in promoting reform and ensuring the smooth progress of all tasks, and preserve and develop the excellent situation of stability and unity.

Based on the instructions of the Secretariat of the CPC Central Committee and the State Council, the circular asks party and government organs at all levels to do a particularly good job in the following by acting in a down-to-earth way:

1. Resolutely check the unhealthy practice of vying with each other to buy imported cars to replace present vehicles. In the days to come, any unit buying imported cars must strictly comply with the recent "Circular of the State Council on Strengthening Control of Car Imports." Before the end of this year, all party and government organs at central and local levels are required to make a clear review of the vehicles purchased (including those received as presents), replaced, and distributed by their units since 1984 and report, through channels, to the higher authorities on the results of this review and any adjustments that have been made. All vehicles that were purchased against regulations and which should be recalled because they are in excess of the authorized numbers of vehicles to be used by the unit should be recorded and reported, through channels, to the higher authorities concerned. Then these vehicles should be purchased by the supply department at uniformly fixed prices. If an organ is found to have concealed the fact that it has such vehicles and failed to turn them over to the authorities concerned, it should be ordered to undertake the economic responsibilities (such as deduction of an amount equivalent to the costs of vehicles from the administrative expenses allocated to that organ). Besides this, it is necessary to deal severely with the principal persons concerned and to look at the responsibility of the leadership.

2. Resolutely check the unhealthy trend of indiscriminately sending personnel abroad. The leading cadres of various party and government organs must set an example and take the lead in implementing the regulation laid down by the party Central Committee and the State Council on screening and approving requests to send personnel abroad. The relevant departments must strictly screen all requests and turn down those requests to unnecessarily send personnel abroad. Various districts and departments must earnestly check up on and summarize the problems that exist in the work of sending out temporary groups, teams, and personnel to foreign countries since the beginning of this year, list their reasons, and put forward measures to improve this situation. From now on, leading party and government comrades at all levels should exercise strict control over those who seek to go abroad and regard this control as an important political task. They will be held responsible if similar problems crop up again.

3. Resolutely stop party and government cadres from squandering public funds through travel. Strict control must also be exercised, even if there is an actual need to organize personnel to tour various localities for study purposes. It is necessary to report the purpose of the trip, the namelist of those traveling, the itinerary, and the traveling expenses to the relevant department of the party committee at the higher level for careful examination. The necessary meetings sponsored by various associations, societies, and study groups should not be held in cities or scenic spots that are open to tourists.

Those who attend the meetings must not use public funds to travel from one place to another to enjoy the beauties of nature after the meeting. From now on, those who squander public funds for tourism or travel from one scenic spot to another under the pretext of joining the tour for study purposes will be made to pay back the public funds that they spent according to the principle that "whoever comes up with the idea should pay" and "whoever grants the approval should pay." Disciplinary action will be taken against those who are involved in serious cases.

4. Strictly combat extravagance and waste and forbid giving dinner parties and gifts. Right now, the number of memorial meetings, receptions, tea parties, and consultation conferences is markedly on the increase, and the standards for entertaining guests are getting higher and higher. Some party and government organs have made use of this opportunity to give dinner parties, establish illicit relationships with others, and offer gifts. Their influence is quite evil. From now on, we must strictly control such activities. Even if the aforementioned activities are deemed necessary, it is essential to reduce the number of people who attend the dinner parties and practice frugality whenever it is possible to do so. All guests, except foreign guests, should be offered pure tea only. Leading cadres are strictly forbidden from overtly or covertly, directly or indirectly, demanding gifts from their subordinates. Cadres at lower levels are forbidden to give dinner parties or offer gifts to cadres at higher levels. When a cadre at a higher level inspects a unit at a lower level, no one at the unit being inspected should use public funds to fete or offer gifts to this cadre. Violators will be resolutely punished in accordance with the principle that whoever gives the dinner party should be made to pay from his own pocket. In addition, the party committee at the higher level should issue circulars within its jurisdiction criticizing violators. Disciplinary actions must be taken against those who are involved in any serious case.

5. Party and government cadres are strictly forbidden from reaping illicit income on top of their salaries or other collective benefits from the government. The current pressing problems are: Some cadres make use of the opportunity of helping various units solve their problems in work or production by asking for money or gifts, while others violate regulations of "working part time" in some enterprises or units where they are paid for their part time jobs. A few cadres even make use of their authority or take advantage of other people's difficulties to extort money and accept bribes. All this runs counter to party discipline and state laws. With regard to these issues, the individual concerned must take the initiative to make self-criticism to the party organization and return their illicit income. In handling serious cases, the party organization must ascertain the situation and seriously handle such cases. After finishing their own work, party and government cadres may go out to hold teaching jobs concurrently, do some translation work, write books, and submit articles to newspapers and journals, provided that they violate no regulations concerned. However, they must pay tax on such legitimate income according to law.

6. The party Central Committee demands that the discipline inspection organs and the public security, procuratorial, and judicial organs at all levels strictly conduct checkups on party and government organs, leading cadres, and their sons and daughters and spouses who make use of their authority or influence to do business and reap profits in violation of the regulations. Party disciplinary action should be taken against those who are involved in serious cases and subject to party discipline. Those who should be dealt with according to law by the state public security, procuratorial, and judicial organs will be handled according to state laws. Leading cadres who committed such errors should be handled even more seriously.

The circular called on various localities and departments to immediately publicize this circular as soon as they receive it and carry out earnest discussions.

It also urged the various localities and departments to accept the supervision of the masses, discover the problems that exist in the work style of the party and government organs, and put forward measures to make further improvements. The cadres at all levels, particularly leading cadres, must take the lead in changing their work style, and exemplarily implement the relevant directives issued by the party Central Committee and the State Council. The departments and functionaries of the party and government organs in charge of this matter should shoulder their responsibilities in a down-to-earth manner, handle the cases in strict accordance with the relevant regulations of the state, and dare to grasp and handle these practices that violate the regulations. The party organizations and the public security, procuratorial, and judicial organs at all levels must extensively carry out ideological and political work. The discipline inspection departments at all levels must earnestly check up on and handle the aforementioned serious problems.

RENMIN RIBAO ON CHANGQING WORK STYLE IMPROVEMENT

HK090913 Beijing RENMIN RIBAO in Chinese 4 Dec 85 p 1

[Reprint of report from DAZHONG RIBAO: "Members of Changqing County CPC Committee Take the Lead in Stopping Unhealthy Trends"]

[Excerpts] In the course of party rectification, the Changqing County CPC Committee broke through the "network of relations," and turned down some people's intercessions for evildoers. They dealt seriously with major problems that involved some key departments and key figures with which the masses were discontented. As a result, some long-standing knotty problems have been solved, and the cadres' unhealthy practices of using their powers to seek private gains and indulging in bureaucratism have basically been checked.

After party rectification began in Changqing County, the county party committee held a number of meetings to expose problems among its members. Standing Committee members were encouraged to conduct criticism without considering each other's face-saving feelings. They exposed their own mistakes in the matter of recruiting workers, promoting cadres, and finding jobs for their children. The county party committee also made these mistakes public and required Standing Committee members to make open self-criticism at a county party cadre conference. Party committee Secretary Jia Wenqing took the lead in making a compensation of 52 yuan for attending some dinners, and the other eight Standing Committee members also made total compensation of 320 yuan for eating and drinking and handed over the gifts and souvenirs they had received when attending various conferences.

The county party committee used the facts to conduct party spirit education among party cadres throughout the county and rapidly opened a new situation on party rectification. The work style of various government organs has markedly improved. All the 70 leading cadres at county level have seriously examined and corrected their mistakes with regard to party style and discipline. In mid-October, when new administrative divisions were made in the county and 72 principal district and township leading cadres were transferred to new posts, no lavish dinner was given as a farewell or welcome for them. All of them reported to their new offices and began their work within 3 days. People said gladly: "Party rectification has indeed achieved results! As long as the leaders really take specific and earnest action to improve their work style, we are hopeful that a fundamental turn for the better in party style will be realized."

Commentator's Article

HK090915 Beijing RENMIN RIBAO in Chinese 4 Dec 85 p 1

[Commentator's article: "What Counts Is Action"]

[Text] In the course of party rectification, the CPC Committee of Changqing County, Shandong Province, adhered to party principles and adopted effective measures to correct unhealthy tendencies. The masses were satisfied with this and said: "Party rectification has indeed achieved results. As long as the leaders really take specific and earnest action to improve their work style, we are hopeful that a fundamental turn for the better in party style will be realized."

The party central leadership has repeatedly warned the whole party that the issue of party style is one that concerns the party's life and death. Comrade Hu Yaobang pointed out in his speech at the 12th CPC National Congress that the party will take 5 years to realize a fundamental turn for the better in party style. In recent years, party organizations at all levels have done a great deal of work to set our party style aright and have achieved positive results.

However, we cannot say that a fundamental turn for the better in party style has been realized. The people are still greatly discontented with cadres who use their powers to seek private gains and who indulge themselves in bureaucratic practice, and such complaints can be widely found. This should arouse our serious attention.

As far as the issue of party style is concerned, clear stipulations have been enshrined in the CPC Constitution, the "Guiding Principles for Inner-Party Political Life," and other party documents. Our government has also promulgated many laws and regulations that specify standards of conduct for our cadres. The problem now is not that there is no law, but that the established regulations are not strictly implemented. Serious bureaucratism still exists in this regard. As some people criticize this fact, "there are more cats that can meow than cats that can catch rats!" though it is a sharp criticism, it is reasonable.

Realizing a fundamental turn for the better in party style is an unshirkable duty for all Communist Party members, especially party cadres. We have talked a lot about correcting unhealthy tendencies, now the key is to take action and to do solid work in a down-to-earth manner. If all communists and all leading cadres can take real action to abide by party discipline and regulations and set strict demands on themselves; if they dare to adhere to party-spirit principles and make unremitting efforts to fight against unhealthy tendencies, then we will be able to smoothly solve many knotty problems in party style.

Correcting unhealthy tendencies is an arduous task that requires down-to-earth work. To deal with unhealthy tendencies, one must have a selfless and faithful spirit, sufficient courage, and one must also make serious and in-depth investigations.

As long as leading organs at all levels, especially all central departments, provincial, prefectural, and county leading organs, can work in a down-to-earth manner to improve party style and can replace empty talk with down-to-earth work; as long as they can first correct their own unhealthy practices and always act strictly according to party discipline and state law, in a number of years, we will certainly be able to achieve the purpose of bringing about a fundamental turn for the better in party style.

CHEN PIXIAN ON SPREADING LEGAL KNOWLEDGE

OW081009 Beijing XINHUA Domestic Service in Chinese 1518 GMT 7 Dec 85

[Text] Beijing, 7 Dec (XINHUA) -- Chen Pixian, member of the Secretariat of the CPC Central Committee and vice chairman of the NPC Standing Committee, said today at a discussion meeting of responsible persons in Beijing's press circles to spread legal knowledge is an important job having a bearing on the lasting public order of the country, an important part of efforts to build socialist spiritual civilization, and an important step to educate the people in having lofty ideals, moral integrity, education, and a sense of discipline. The journalistic front shoulders the responsibility of spreading legal knowledge and carrying out education in the legal system. We should make full use of the strength of the media to familiarize people with the legal system and make them gradually cultivate notions and habits of abiding by the law.

The 13th Session of the 6th NPC Standing Committee, held in November this year, adopted the "resolution on spreading legal knowledge among the citizens." Not long ago, the CPC Central Committee and the State Council transmitted throughout the country the "5-year plan for spreading legal knowledge among the citizens" prepared by the Propaganda Department of the CPC Central Committee and the Ministry of Justice. The CPC Central Committee and the State Council also issued a circular in connection with the plan. The discussion meeting held by the NPC Standing Committee today discussed how to publicize these important documents and make the people of various nationalities throughout the country implement the resolution, circular, and plan.

At the meeting, Chen Pixian pointed out: Spreading legal knowledge is significant in many ways. First, it enables the people to be masters of their own affairs and to exercise their democratic rights. Our country is a socialist country under the people's democratic dictatorship, led by the working class and based on the alliance of workers and peasants. In our country, the people enjoy extensive democratic rights. In order to exercise their democratic rights, the people need laws to follow. Democracy and the legal system are inseparable. In order to attain a high level of democracy, we must have a sound legal system.

Second, it strengthens the people's sense of law and makes them know and abide by the law. Presently, we have laws governing major and fundamental things in our country. Of course, our laws are not yet perfect and we still need to continue making efforts to improve them. Our major problem at present is not lack of laws. The problem is the lack of a sense of law. There are still many violations of law, failures to enforce the law strictly, and failures to deal with violators. Therefore, we should spread legal knowledge among all the citizens, step by step, in a planned way; make the broad masses of cadres and people know, understand, and abide by the law; make them strengthen their sense of law; and cultivate a habit of doing things according to the law, so that the laws of our country are based on conscientious implementation by the broad masses of cadres and people.

Third, spreading legal knowledge successfully carries out a socialist modernization program focused on economic construction. Both economic construction and the reform of the economic structure need a legal protection, particularly protection by economic legislation. We must study and understand law in order to know how to use legal means to regulate the economy and use the law to maintain public order.

Fourth, spreading legal knowledge makes a comprehensive effort to improve public order. At present, juvenile delinquency accounts for a huge proportion of crimes in the society. Many young people commit crimes because they have neither legal knowledge nor a sense of law.

Chen Pixian said: It is an arduous and heavy task to familiarize the 1 billion people with legal knowledge. However, we can accomplish the task if we make efforts, because the party Central Committee and the party committees at all levels under it attach great importance to it and the people want it done. Since the national meeting on propaganda and education in the legal system, the tendency for spreading legal knowledge is very good. To date, 27 provinces, autonomous regions, and municipalities have held relevant meetings. Similar meetings will also be held in Xinjiang and Xizang. Besides, most provinces and municipalities have begun to organize cadres to study law. We surely can accomplish the task if we make concerted efforts.

In his speech, Chan Pixian urged the media to contribute to spreading legal knowledge. He said: Our media, including news agencies, radio and television stations, and newspapers, is the mouthpiece of the party, the state, and the people. It not only shoulders the responsibility of spreading legal knowledge and carrying out education in the legal system, it should also use the force of the public opinion to create an atmosphere and environment in which people are exposed to the legal system and gradually cultivate a habit of abiding by the law. Since the 3d Plenary Session of the 11th CPC Central Committee, the comrades in the press circles have done a great deal of work in publicizing the legal system. Particularly since the national meeting on propaganda and education in the legal system, the work has been remarkably stepped up. The press circles have a share in bringing about such a delightful situation in the work of spreading legal knowledge. Our party and our government are satisfied with the contributions of the press circles. However, we should continue to step up the work in order to popularize legal knowledge in general in 5 years. In the course of spreading legal knowledge, we should bring into further play the role of the journalism department. Leading cadres at all levels in press circles should truly attach importance to this work and make it as an important item of their daily agenda.

Chen Pixian pointed out: The media should formulate its propaganda plan in accordance with the guidelines of the circular of the party Central Committee and the State Council and the resolution of the NPC Standing Committee, and publicize the legal system step by step according to the plan. We should adopt effective, simple, easy, vigorous, and healthy propaganda methods in consideration of reality. The emphasis of the propaganda should be put on the following aspects. We should publicize the party's line, principles, and policies in the work of public security, the procuratorate, and the judiciary. We should publicize our achievements in establishing the legal system. We should carry out education to strengthen people's sense of law and help them cultivate law-abiding habits. We should give publicity to the necessity and importance of spreading legal knowledge. We should teach legal knowledge and report on the experience in spreading legal knowledge. We should publicize the theories concerning democracy and the legal system, and advertise model persons among the cadres and people and their good deeds in studying and enforcing law and in combating crimes. We should primarily publicize good examples. We should also conduct necessary criticism and struggle against law violators. At present, we should first publicize the guidelines of the "resolution" and the "circular," advertise the urgency and feasibility of the work of spreading legal knowledge, create favorable public opinion, and strengthen the people's confidence.

In order to meet the demand of spreading legal knowledge, the media should properly increase its reportage with added space or broadcasting time. Leadership should be strengthened. The central Propaganda Department should strengthen its leadership over the media in publicizing the legal system. The Ministry of Justice should strengthen its leadership over the work. In particular, the media itself should also strengthen its leadership over the work. Editorial committees should constantly discuss and truly attach importance to the work of publicizing the legal system. I hope that the press circles will set a good example in implementing the "circular" of the CPC Central Committee and the State Council and the "resolution" of the NPC Standing Committee.

Peng Chong, vice chairman of the NPC Standing Committee and chairman of the NPC Law Committee, presided over the meeting.

Present at the meeting were the interested responsible persons of the Central Commission of Political Science and Law, the Central Propaganda Department, the Research Center and the Rural Policy Research Center of the Secretariat, the Supreme People's Court, the Supreme People's Procuratorate, the Law Society of China, the Ministry of Public Security, the Ministry of Justice, the departments concerned under the State Council, the State Education Commission, the Ministry of Foreign Affairs, the Chinese Academy of Social Sciences, and the Legislative Affairs Commission of the NPC Standing Committee.

ZHENG TIANXIANG DISCUSSES IMPROVING PUBLIC ORDER

OW092340 Beijing XINHUA Domestic Service in Chinese 0837 GMT 9 Dec 85

[Text] Beijing, 9 Dec (XINHUA) -- Under the new situation, the people's courts should tackle public order in an all-round manner, make suggestions for improving judicial work, and publicize the legal system instead of trying and handling cases in private, said Zheng Tianxiang, president of the Supreme People's Court at a recent national conference on judicial statistical work of courts.

Zheng Tianxiang said: The people's courts should take the initiative to go deep among the masses to handle cases and publicize relevant laws. In handling a case, they should also explain the legal system to the masses so that they can familiarize themselves with and abide by the laws and take precaution against crime.

Discussing the court's statistical work, Zheng Tianxiang said: In handling all kinds of social contradictions and conducting judicial statistical work, the courts should study and analyze the causes of these social contradictions and find solutions to them. It is necessary to seek a law from among objective things in order to provide the basis for the political and legal departments to map out guidelines for their work and for the party and the government to formulate policies and laws.

During the conference, representatives from various localities discussed questions concerning on improving judicial work to meet the needs of the current situation and to better serve the socialist modernization.

GUANGMING RIBAO ON PREVENTING INVESTMENT EXPANSION

HK040441 Beijing GUANGMING RIBAO in Chinese 9 Nov 85 p 3

[Article by Wang Mengkui: "Characteristics of, and Ways To Deal With, the Present Expansion of Investment"]

[Text] The importance of investment in fixed assets is beyond doubt. Generally speaking, the economic strength and growth rate of a country is determined, to a large extent, by the scale, quality, and structure of fixed assets. In particular, of productive fixed assets, as well as by how these assets are used. Being a developing country, China has no choice but to place investment in fixed assets in an important position in the course of carrying out large-scale socialist modernization. However, over a certain period, the scale of investment in fixed assets is restricted by the financial and material resources of the state.

In terms of financial resources, as investment in fixed assets mainly comes from the portion of national revenue used for accumulation, and must remain a part of accumulated funds, the total national revenue and its growth rate have become indispensable factors in determining the scale of investment in fixed assets. In terms of material resources, investment in fixed assets comes from materials left over after deducting the portion for maintaining production in enterprises and the people's livelihood. If the scale of construction exceeds the state's financial and material resources, the overall balance of the national economy will be disrupted and serious losses will take place. All the economic setbacks since the founding of the PRC have been directly related to the expansion of investment in fixed assets.

The Characteristics of the Present Expansion of Investment

Investment in fixed assets has expanded on three occasions since the founding of the PRC. The first was during the "Great Leap Forward" from 1958 to 1960, the second in 1970, and the third in 1978. Although these three expansions took place under different historical conditions and were from different causes, they brought about disproportionate development in the national economy and large-scale readjustments had to be made to straighten out this disproportion.

Since last year, investment in fixed assets has again increased excessively. According to statistics, the investment in fixed assets made by the entire society in 1984 increased by 33.9 percent over 1983. It has been estimated that the increase rate this year will not be smaller than last year. From 1981 to 1983, total investment in fixed assets increased by 15 billion yuan annually. The amount of increase for last year and this year equals the total amount of increase for the previous 3 years. However, in 1984, national revenue increased by 12 percent; gross industrial and agricultural output value by 15 percent; crude oil and raw coal by 8 percent; generated electricity by 6.6 percent; rolled steel by 9.7 percent; lumber by 5.1 percent; and cement by 11.8 percent. From these increased percentages, we know that the scale of investment in fixed assets has markedly exceeded the capacity the state's financial and material resources can bear. Controlling the scale of investment in fixed assets, and in capital construction in particular, is the key to ensuring steady economic growth.

The current expansion of investment is different from the previous three. Apart from social and political conditions being different, there are two markedly different economic phenomena:

First, the three expansions in the past took place at the expense of the people's consumption, whereas the current expansion of investment is occurring along with the expansion of consumption funds. Last year, not only did investment in fixed assets exceed the national revenue growth rate, but the total amount of wages also exceeded growth rate of labor productivity and national revenue. In fact, this phenomenon has continued for several years. The expansion of investment and the expansion of consumption funds react with each other. With every increase of 100 yuan in investment in fixed assets, a direct or indirect increase of 40 yuan in consumption is required. In return, the increase in consumption can also produce a stimulating impact on investment in fixed assets. But over a certain period, when the amount of national revenue is fixed, and the total sum of accumulation and consumption funds exceeds national revenue, it is impossible to realize the targets in investment and consumption funds. As a result, price increases are inevitable. In line with the characteristics of simultaneous expansion of investment and consumption funds, it is necessary to proceed from these two aspects to maintain a balance between total social demand and total social supply.

Second, in the past, under a highly centralized system, investment in fixed assets was basically allocated by state finance, and budgetary investment accounted for 80 percent of the total investment in fixed assets.

The three previous expansions were expansions of budgetary investment resulting from high economic growth targets. Now there are neither high targets for economic growth nor excessive scales of investment. The current expansion of investment is the expansion of investment that is not listed in the budget. According to statistics, in 1978, extra-budgetary investment made by enterprises under ownership by the whole people accounted for 16.7 percent of total investment in capital construction. It rose to 45.6 percent in 1984, 70 percent of the total investment in fixed assets of the entire society, including other economic forms. With the large-scale increase in banks' investment in construction and an increase in the variety of self-accumulated funds, it was very easy for expansion of extra-budgetary investment to take place, as macroeconomic control was not perfect. In the first half of this year, budgetary investment increased by 5.8 percent over the same period last year and ex-budgetary investment by 109 percent. In extra budgetary investment, bank loans increased by 158.2 percent and investment through self-accumulation by 94.2 percent. During the same period, investment completed in projects at the central level increased by 20.9 percent and that in local projects by 87.9 percent. Last year, social accumulated funds throughout the country amounted to 20 billion yuan, 80 percent of which was used for capital construction projects that were not listed in the budget. Such being the case, apart from exercising good management of extra-budgetary investment, it is necessary to strengthen control over capital construction loans and self-accumulated funds in order to eliminate expansion of investment.

"Investment Hunger Disease" Must Be Given Comprehensive Treatment

It is necessary to deepen our understanding and to handle correctly the relationship between growth rate and economic results. To accomplish modernization, it is necessary to shift from a "quantitative" economy to a "qualitative" economy and to strive for a high growth rate in the entire national economy on the basis of improving economic results. Striving blindly for a higher growth rate will cause expansion of investment. Although the norm for total output value can be taken as one of the economic assessment standards, the norm is, in itself, defective because the increase in output value does not take place simultaneously with the improvement of economic results. Therefore, in terms of economic plans, policies, and assessment, it is necessary to guide people to concentrate their efforts on improving economic results rather than one-sidedly seeking a further increase in output value.

It is necessary to strengthen macroeconomic control. The new management system is replacing the old. The defects of the old management system are being erased but have not been completely eliminated. The new management system is being established and is not perfect. The administrative means under the old management system are beginning to lose their functions, and the new economic mechanism is not functioning on a full scale. As a result, a number of "gaps" have occurred. Take investment in fixed assets as an example. The old investment "big pot" has not been thoroughly smashed and control over expansion of investment by the new mechanism is not perfect. Not only are investors not held responsible for the consequences arising from their investment, but they do not have to run any risk either.

Enterprises with profit lower than the social average or even loss-incurring enterprises can have loans all the same, and they can also issue bonuses. In this case, only by discarding the old management system, establishing a new management system, carrying out comprehensive treatment, and strengthening macroeconomic control, can we eliminate expansion of investment.

In particular, we must emphasize reform of the planning system and the bank credit system. The planned commodity economy has set higher demands on planning work. Therefore, planning work should be carried out in such a way that it can effectively and proficiently control the operation of the economy. When state management of enterprises is shifting from direct to indirect control, realizing an all-round balance of the national economy is a new problem facing our planning work. The crux lies in controlling the scale of investment and in placing the channels of investment in capital construction in the plans for arranging total investment, including mandatory and guiding plans, so as to realize an all-round balance and to prevent a large amount of low-effective and even ineffective investment stimulating the economy to grow at an ultrahigh speed. No gaps should be allowed in arranging the construction of projects listed in the budget in order to prevent expansion of investment.

Methods, such as taxation and interest rates should be used to guide the investment direction of bank loans and self-accumulated funds, in order to improve the investment structure and to prevent excessive funds from being injected into the processing industry and from aggravating the disproportionate relationship between the processing industry and basic industry and between the processing industry and the communications industry. The interest rates on loans for capital construction are too low. Therefore, to restrict to a certain extent the demand for investment, and to control the scale of investment, it is necessary to raise interest rates, except for developing key state enterprises. Enterprises applying for loans, be they state, collective, or individual, should have a certain amount of funds and be able to provide guaranty. Payment for loan interest before taxes should gradually be changed into payment for loan interest after taxes. Banks can play an important role in the commodity economy. If banks are properly used, they can become skillful organs for regulating the scale of investment and the investment structure.

It is necessary to perfect economic legislation. In economic reform, it is necessary to attach importance to economic legislation so as to legalize successful experience. To control the scale of investment and improve investment results, it is necessary to work out laws on investment in fixed assets; laws on bank investment; laws over social accumulated funds; capital construction procedural law; and laws over design and construction. In this way, people can abide by laws and regulations and can create better conditions for enlivening enterprises.

It is necessary to perfect economic information work. Bad economic results, and many duplicated construction projects, are caused by the lack of knowledge or information. Strengthening the training of cadres, setting up an economic information network, and collecting, analyzing and disseminating information, will help to correctly guide the direction of investment and to control the scale of investment.

With regard to the present scale of investment in fixed assets, which is already excessively large, there are three attitudes. The first is to let it continue unchecked. This attitude will not help overcome the various shortcomings brought about by the expansion of investment but will, instead, aggravate such shortcomings. So, this attitude should not be adopted. The second is to abruptly reduce investment in fixed assets, which will cause large-scale economic repercussions in society. Excessive reduction of investment will bring about shrinkage in economic growth. This attitude cannot be adopted either. The third is to adhere to the relevant instructions of the CPC Central Committee, which are as follows: Investment in fixed assets should be maintained at the 1985 level during the first 2 years of the Seventh 5-Year Plan period and should be increased appropriately during the latter 3 years.

Under the condition of controlling the total scale of investment in fixed assets, it is necessary to concentrate financial and material resources and to strengthen the construction of basic industries such as energy, communications, information, and raw materials, as well as basic facilities, in order to prevent doing things without regard to their order, importance and urgency. On the one hand, this measure can reduce the scale of investment and prevent losses. On the other hand, apart from being used to control total demand, it can also increase investment in key construction projects, re-adjust the production structure, maintain a certain economic growth rate, and provide reserve strength for long-term development. This measure is absolutely correct.

Controlling the Expansion of Investment Is Also a Type of Reform

Some comrades are worried that controlling the scale of investment in fixed assets will hamper the progress of reforms. This is a misunderstanding. In fact, controlling the scale of investment in fixed assets is beneficial to the progress of reform. Reform requires a relaxed economic environment. Some reforms, such as price system reform and wage system reform, need financial support from the state. The expansion of investment will tighten various economic relationships and aggravate the shortage of materials. When the shortage of important materials reaches a certain limit, the mandatory plans that have been annulled will have to be restored. Obviously, this is detrimental to reforms. Many localities collect funds and charges from enterprises under various pretexts, for the purpose of carrying out more construction projects. As a result, some enterprises are forced to borrow money to pay the charges collected in excess of their total profit. This has weakened the vitality of enterprises and runs counter to reforms. The purpose of strengthening macroeconomic control is not to strangle enterprises but to provide a more suitable social and economic environment for the production and operation of enterprises. Therefore, in strengthening macroeconomic control it is necessary to study and adopt new methods suited to the new situation of enlivening the domestic economy and opening up to the world. In this sense, to strengthen macroeconomic control, it is necessary to carry out reforms, and only by carrying out reforms can macroeconomic control be strengthened.

It can be said that "investment hunger disease" is a common disease of socialist countries. Not only China but also many countries, including countries exercising a high degree of centralized system and countries practicing a decentralized system, are frequently troubled by such a disease. Over the past few years, the central authorities have stressed repeatedly the necessity to prevent making excessive investment in capital construction, but to little avail. Apart from problems in people's understanding, there are also problems in economic mechanism. Gradually establishing a new macroeconomic management system, which can prevent the expansion of investment in fixed assets, and a microeconomic self-regulating mechanism, are targets we must reach in our economic structural reform.

GUANGMING RIBAO VIEWS POWER FOR MAKING INVESTMENT

HK051606 Beijing GUANGMING RIBAO in Chinese 23 Nov 85 p 3

[Article by Jiang Shaohua: "The Power of Expanding Reproduction Should Not be Given Wholly to the Enterprises"]

[Text] In their article "The Power of Expanding Reproduction Should be Given to Enterprises" (published in GUANGMING RIBAO on 14 September 1985), Comrades He Wei and Han Zhiguo said: "As determined by the internal mechanisms of the socialist commodity economy," enterprises should have the power to expand reproduction.

I agree with this viewpoint. However, I do not agree that the power of expanding reproduction should be completely delegated to enterprises. Instead, the devolution of power in this regard should be conditional on the basis of analyzing specific aspects.

What problems may be brought about if the power for handling expanded reproduction is wholly given to enterprises?

First, this may change the essence of the "planned commodity economy" and leave it merely titular. The socialist economy is a planned commodity economy, and the key to ensuring a planned economy lies in the maintenance of an overall balance in the national economy. In the final analysis, this overall balance is the result of the state's control, a general balance is maintained in human, material, and financial resources of all links of social reproduction in all sectors of the national economy. Obviously, the state, as the main body for ensuring such a balance, must hold certain power in its hands in order to fulfill this complicated and arduous task. As required by a commodity economy, the state must employ the means of prices and taxes in the course of maintaining an overall balance, but this does not mean that the state may give up its power for controlling the process of reproduction. After World War II, some Western capitalist countries adopted the method of "overall state regulation," but they failed to achieve the purpose of regulating social production. An important reason for their failure was the fact that such regulation lacked binding power. Therefore, once the power for expanding reproduction is given to enterprises, there would be no guarantee for the overall binding power. Therefore, once the power for expanding reproduction is given to enterprises, there would be no guarantee for the overall balance, and the planned commodity economy would exist just in name but not in reality.

Second, capital construction investment may get out of control. After the power of expanding reproduction is wholly given to enterprises, if there is no form of conscious social regulation, the scale of investment would swell excessively. This is beyond question. May we merely use economic means to control the scale of capital investment? I do not think so. This is because: First, guidance plans do not have binding power. Even if such "guidance" is scientific, enterprises would still make investment decisions in light of their economic interests. Second, the function of taxes and other means is also limited. If an investment project is very profitable, taxes would not force the enterprise to give up this project; but if the investment project is not so profitable, the enterprise would not be interested in it even if no tax were imposed on it. Therefore, the state must retain certain power in its hands to control investment.

Third, giving all power for expanding reproduction to enterprises will be unfavorable to ensuring the key links in social production and the maintenance of a reasonable production arrangement. Giving priority to key links in social production and ensuring a reasonable production arrangement is the basic principle for our economic construction. If the power of expanding reproduction is wholly given to enterprises, it would certainly become difficult to implement this principle. The reasons for this may be found in the following three points:

First, it would become difficult for the state to concentrate financial and material resources. When enterprises have full power to decide the expansion of reproduction, they will proceed from their own interests and contend with the state for funds and materials. As a result, the limited financial and material resources in our country may be excessively scattered.

Second, it would become difficult to direct more investment to key projects and to the weak links in the national economy. Enterprises make investment decisions merely in light of the profitability of the investment projects, and profitable projects may not necessarily be in the key sectors of national economy.

Third, this would be unfavorable to the economic development of the backward and remote areas. Although enterprises may handle their business more freely when they have full power to handle the expansion of reproduction, overheated business competition would eventually lead to a situation in which interior areas with backward economic conditions are deprived of the opportunity for development.

Fourth, this would be unfavorable to the unfolding of business competition between enterprises. Competition is an inherent characteristic of the commodity economy. However, competition also requires the protection of state power and requires some regulation; otherwise, it may change into monopoly. Competition in a socialist commodity economy certainly will not lead to the appearance of monopoly enterprises that reap monopoly profits by setting monopoly prices for goods, as in Western capitalist countries.

However, once an enterprise achieves full power for expanding reproduction, a special form of "monopoly" may appear. That is, the enterprise may rely on its production scale to directly "monopolize" the market. What is more, such enterprises in the "monopoly" position may have no technological advantages, but they can develop their "networks of relations" and obtain more important materials and funds that are badly needed by the state so as to defeat their rivals and to expand their production scale. Those being defeated in competition may have technological advantages.

In short, the power of expanding reproduction should not be wholly given to enterprises. Instead, this power should be distributed between the state and enterprises under some conditions.

How to divide the power of expanding reproduction between the state and enterprises is a question we will discuss later.

ECONOMIST DISCUSSES SOURCES OF SOCIALIST LAND RENT

HK290201 Beijing JINGJI YANJIU in Chinese No 10, 20 Oct 85 pp 60-61, 77

[Article by Li Huizhong of the economics department of Fudan University: "Sources of Socialist Land Rent" -- completed July 1985]

[Text] Socialist urban land rent should be levied through the imposition on land users of land-use charges, land-occupation taxes, and so on, so as to manifest, on the economic level, state ownership of the land.

Land, in itself does not create value. Thus, our recognition of socialist land rent relationships does not mean that there will be a growth of total national income by the addition of a land-rent component. Urban land-use charges are only profit reallocation between city and national income, or profit reallocation between the state and enterprises.

When discussing the sources of urban land-use charges, some people propose that, on the basis of maintaining the current arrangements by which enterprises hand over taxes, under the condition of existing pricing systems and pricing methods, the enterprises land-use charges be set on the basis of their remaining income after paying all their taxes. They believe that only then will enterprises feel any pressure and only thus the function of land-use charges be brought into play.

I feel that this method is inappropriate. First, levying land-use charges on the income of an enterprise after it has paid the various taxes will reduce the enterprises' retained profits.

If we accept that the current overall level of profits retained by enterprises is basically rational, then the further imposition of land-use charges on the retained profits will result in a shrinkage of enterprise development. Also, there is no consideration as to whether an enterprise has economized on land or not. Even if an enterprise has economized on land, it is still "penalized" by the imposition of the land-use charges. Thus, this cannot be used as an economic lever to reward the advanced and punish the backward. Second, just as every sector has its own fund structure, so the amount of land necessary for each sector is also different. Thus, under the present pricing system and pricing methods, if a unified rate (with different rates for different classes of land) of land-use charges is levied on the enterprises of various sectors, it will result in different advantages and disadvantages, in terms of the land-use charges handed over, for different enterprises. During the pricing reforms, production pricing models whereby prices are set on the basis of average profit are being used. Thus, in this respect, as different enterprises will have to hand over different amounts in land-use charges, it will result in unfairness.

If we wish to avoid the unfairness resulting from this pricing method, the only option is to impose different charges on different sectors. Our present methods and formulations often do not establish conditions for realizing unified charges for resource (funds, land, and so on) use by having rational prices that reflect the requirement that the income of sectors be evened out. Rather, under the condition of maintaining existing prices, tax rates are artificially manipulated to achieve balanced interests. This sacrifices unified standards of resource use charges for the benefits of resource deployment. Logically, regardless of which sector or enterprise we speak of, if it uses one yuan of funds, when it should hand over an appropriate portion in interest or in fund-use charges, and if it uses one unit of land, it should pay land-use charges for one unit of land. The price of products that require the use of a large amount of resources should be raised, and demand for them will thus be appropriately reduced. This is social evaluation of resource scarcity. Only by establishing unified resource charge standards can we ensure that regardless of the department that is allowed resources in accordance with social demand, it will have equal benefits. Thus, we will be able to establish appraisal standards for measuring the resource-use benefits of various enterprises throughout the society.

Thus, I believe: 1) We should closely link a portion of the total amount at present handed over by enterprises as various taxes with the stimulation of improved results in terms of land-use. On the basis of maintaining the original level of profits retained by the enterprise, we should adjust other tax rates and levy land-use charges. 2) Because the amount of land needed by the various departments is not uniform, land-use charges should be taken into consideration in price determination. This will allow each department to have an equal pricing environment under the system of unified land-use charges (the charges must be set at a reasonable level or else they will not play a stimulative role). Thus, we should include a land rent factor in the allocation of profits derived from socialist price determination.

In price determination, differential land rents are reflected in the prices set on the basis of average costs under poor natural conditions. Because agriculture, mining, processing industries, and commerce have differentiated land rents, the prices of all socialist commodities and the charges for services should be decided on the basis of poor natural conditions. The addition of profits to median costs under poor natural conditions is a general formula in socialist price determination. However, differential land rent is only false social value. It is the excessive social expenditure on products produced and services provided, due to the land. It proceeds from the natural resource, that is the land itself, and thus is a reallocation of profits.

(Footnote 1) (Of the views that endorse the idea that prices reflect the use and consumption of natural resources, some hold that in pricing we should only compensate for the labor that is expended in prospecting for the resources, as well as the labor expended in reproduction and maintenance. They oppose taking a portion of social profits and, using the form of payment for natural resources, including this in departmental profit quotas. This idea is really just cost compensation. It proceeds from the labor invested and does not proceed from efficiency in the use of natural resources. Another view supports taking a portion of social profits and, using the form of payment for natural resources, including this in sectoral profit quotas. But its criterion is the fixing of a certain profit rate percentage on the basis of the consumption of socially necessary labor by the natural resources. This viewpoint determines profits on the basis of a fixed ratio between materialized labor and animate labor expended in respect of the natural resources, that is, a ratio between funds and wages. It does not proceed from the natural resources themselves.)

Absolute rent should also be included in pricing. In capitalist economies, absolute rent is included in the prices of those primary product sectors that need to pay such rent. The primary product sectors sell their commodities not at production prices but in accordance with their value. This is because averaged profit patterns mean that absolute rent must be included in prices. Thus, in a socialist economy where averaged profit patterns still play a role, absolute rent should undoubtedly be included in price determination, and should become a special component factor of profits in the pricing structure.

In this way, the profit rate in socialist transfer of value should be formed through the average profit rates in terms of the triple channels of funds, wages, and land.

Of the various models that appear in a discussion of socialist pricing theory, I feel that double-channel rather than single-channel pricing, which determines production prices in accordance with averaged profit rates, more fully reflects the demands for resource saving and equality in the economic interests of various sectors. But double-channel pricing does not reflect socialist land rent, and, thus, does not reflect the problem of economizing on the important production resource of land. Triple-channel pricing more fully reflects the demands of developing the socialist forces of production. On the one hand it pays attention to the overall economizing of resources and the encouragement of technological progress and, on the other hand, pays attention to the equality of various sector's interests. This type of pricing quite fully satisfies the various aims in the formation of a basic model for conditioning socialist pricing. Only through the imposition by the state of a system of unified charges for fund-use and land-use will the triple-channel, averaged profit become the basic aim of enterprises in their operations and the center of price movements.

Of course, the ratios between the three sectors into which total social profits are divided, that is to say, the rates for various resource charges, can be fixed by the relative scarcity of these three production factors over a long period, and the various state goals. Under particular national conditions, we should ensure that the ratios between the three are beneficial to the most rational allocation of social production resources, and that they are equally beneficial in the production of various types of products. We must not mechanically handle each one separately.

Some comrades have queried why capitalist absolute rent, as described in "Das Kapital," is external to production pricing, that is, external to averaged profits, while, in the socialist economy, absolute rent must be included in the process of evening out of total social profits, and is thus included in averaged profits.

We should recognize:

1. It is necessary to affirm that absolute rent has to be included in the pricing of products. In "Das Kapital", Marx held that agricultural products and mineral products are sold at value, while other general products are sold at production price. It can be said that "Das Kapital" only saw absolute rent occurring in the primary product sectors, and thus absolute rent is held to be only included in the prices of primary products.

In this situation, if absolute rent is not retained, then in further averaging out of remaining social profits and the determination of production pricing, it will result in the profits of the products of all sectors equally containing a price amount equivalent to the amount the primary product would be required to pay in absolute rent. Thus, the capitalist who is engaged in the production of primary products does not receive anything above the average profit to pay the absolute rent. Therefore the other sectors that do not pay absolute rent obtain profits higher than the primary product sector and averaged profits cannot be realized.

Under the system as envisaged in "Das Kapital", where only the primary product sector is required to pay absolute rent, it is quite a natural process that the portion of social profits equivalent to the absolute rent is not included in overall social averaging. However, under a socialist economy, we must affirm that all sectors, without exception, pay absolute rent. Thus, we should carry out a direct averaging of the total profits in accordance with the three channels so that the prices in all sectors include absolute rent, and, after paying absolute rent, all can obtain equal profits.

Otherwise, the levying of absolute rent will not be specially included in prices and this will result in unfairness due to the fact that different sectors require different amounts of land. Thus, the inclusion of an absolute rent component in prices results in all sectors having a reasonable level of economic conditions. It is also an innate requirement of the enterprises in each sector.

2. In capitalist production relationships, land rent is a deduction from capital profits. Speaking logically, all the capitalists first have to hand over part of their total profits to the landlord class, which does not engage in production operations. Later, they take their remaining profits and average them out on the basis of total capital. However, in a socialist society, in the vast majority of cases, the landowners are the owners of the products. They can, through pricing in the sale of commodities, obtain absolute rent, and there is no need to place absolute rent outside the various sectors' product prices.

3. In the capitalist economy, as described in "Das Kapital", only the primary products pay absolute rent. However, the organic structure of these sectors' capital is lower than that of social average capital. Thus, the differences in value between the two can be retained to form absolute rent. However, what we here refer to as socialist absolute rent exists in all sectors. Thus, there are no organic structural differences between primary product sectors, which need to pay absolute rent, and other sectors, which do not need to pay absolute rent.

The above three characteristics show that the socialist economy should and can include absolute rent in total social averaged profits and in price determination. In fact, total profits under capitalism are divided among the three areas of constant capital, variable capital, and land. However, total profits under socialism are allocated on the basis of the three channels of production funds, wages, and land, and in this way form a basis for pricing.

INFLATIONARY EFFECT OF SUBSIDIZED HOUSING

HK281420 Beijing RENMIN RIBAO in Chinese 22 Nov 85 p 5

[Article by Zhou Tianyong: "Housing Distribution on a Subsidized Basis and Price Fluctuation"]

[Text] Subsidized housing is one of the main reasons that has led to price fluctuation and imbalance in supply and demand. This was seldom realized by people in the past.

Since 1982, the state has invested 10 billion to 20 billion yuan annually in housing construction. Local financial organs, enterprises, and institutions have also allocated huge funds every year for housing construction and maintenance. A great quantity of raw materials and semi-finished products used for housing construction and maintenance, and labor consumed in building and installation, are to be indirectly or directly converted into wages; and land requisitioned for housing construction and removal of old buildings also has to be paid in currency. These additional amounts account for 80 to 90 percent of the 20 billion yuan. Although these goods and materials are purchases from the consumer goods market, residential houses are not commodities.

Consequently, it may lead to an increase of 20 billion yuan in demand and a decrease of 20 billion yuan in supply in the operation of the economy as a whole. If we make an analysis of the 1983 figure, the price fluctuation rate of consumer goods would be around 200, divided by 2,840, multiplied by 100 percent, which equals 7 percent (total volume of retail sales in 1983 was 284 billion yuan). Viewed from another angle, urban inhabitants should spend 9 to 11 percent of their expenses for housing rent, which accords with the social consumption level. However, the figure in 1983 was only 1.52 percent. If they spend the remainder to purchase consumer goods from the market, it may cause a price fluctuation rate of around 7 to 8 percent.

Low rents cannot restrain the excessive demand on housing. Furthermore, it stimulates demand on housing, thus compelling large-scale investment to be made in housing, diverting the circulating capital and the funds for maintenance and upgrading enterprises, and leading to expansion of the investment scale.

During the period of rationing and strict price control, the price fluctuation caused by housing distribution on a subsidized basis was manifested in the shortage of consumer goods for daily use. Once market restrictions were lifted, prices would inevitably soar.

The reforms of the pricing and wage systems need an environment in which supply and demand are balanced. Nevertheless, the price fluctuation caused by housing distribution on a subsidized basis is disadvantageous to these reforms. Thus it can be seen that housing commercialization and reform of housing rent are imperative.

JINGJI RIBAO; THIRD TALK ON BANKRUPTCY LAW

HK061540 Beijing JINGJI RABAO in Chinese 16 Nov 85 p 2

[Article by Cao Siyuan: "Third Talk on the Bankruptcy Law for Enterprises"]

[Excerpts] I published two articles concerning the bankruptcy law for enterprises in JINGJI RIBAO on 7 July 1984 and 16 May 1985. At present, this issue has drawn the attention of departments concerned and experiments are being carried out in some selected localities.

The implementation of the bankruptcy law for enterprises will undoubtedly be an important change in our country's economic affairs and it is a pressing matter to make ideological preparations in advance. In this article, I am going to discuss my understanding regarding the urgency of promulgating the bankruptcy law for enterprises in the course of economic reform.

Since 1979, the NPC and its Standing Committee have formulated 21 economic laws and the State Council has promulgated more than 200 economic laws and regulations. Since there is no bankruptcy law, no matter what economic responsibility a state enterprise may be responsible for, the majority of the payment for economic hardship or damages claimed will eventually be shifted to state finances, while the enterprise itself will not severely feel the pain. Therefore, the economic responsibility with regard to one or another concrete problem is of little importance and does not have any binding force on the behavior of an enterprise. However, if a system of eliminating the bankrupted is established, any item of economic loss, when accumulated, will contribute to the collapse of an enterprise. Consequently, out of consideration for their own interests, enterprises will have no alternative but to respect laws and regulations.

Economic levers regulate the macroeconomy by means of tax rates, interest rates, prices, and so on, and stimulate the economic interests of enterprises so that they will make strategic decisions conforming to the needs of the macroeconomy after weighing the pros and cons. The effect of this kind of regulation is also determined by the sensitivity of an enterprise's reaction to the stimulation of its economic interests. For example, the scale of capital construction in the society at present is too large and should be reduced. State banks can appropriately raise interest rates so that those who wish loans may give up their attempt because of the burden resulting from a relatively high interest rate. However, the effect of this means of macroscopic regulation at present is quite limited. The leaders of many enterprises dare to borrow money and have no fear for the burden of paying interest, no matter how high bank interest rates may be. Later, if they fail to make a profit, they will not pay any interest. They will not even pay the principal. In the end, another burden will be added to the bank or financial subsidies will be given to these enterprises. Therefore, without a bankruptcy system, investors do not have to undertake any risk in investment. It is certainly difficult to give play to the regulatory role of the economic levers, to control the orientation of investment, and to change the situation of the overall supply falling short of demand under these circumstances.

Let us also look at the question from the angle of price readjustment. For a long time, our processing industry has relied on low prices of raw materials. Our enterprises do not have much competitive power and there is a serious waste of resources. At present, the state has appropriately raised the prices of raw materials and fuel. If a small number of enterprises with poor management and a low technological level cannot reduce their consumption and if their production costs continue to rise, they should, of course, be eliminated. This will be conducive to saving resources and is also a special way to readjust the economic structure. However, it is regrettable that, to date, we still do not have a system for eliminating the bankrupted.

Those factories that have little ability to save energy and which have poor competitive power are "endowed" with the right to exist and are not asked to tap their potential. Influenced by the notion of the noncommodity economy over past decades, people are accustomed to regarding any rise in the prices of raw materials and fuel as "abnormal," and regard such rises as an "external cause" for the losses of enterprises. They will then boldly and assuredly ask the state to reduce taxes, not to levy taxes on them, or to give them subsidies. They will also ask to be allowed to raise the prices of their products. In such an atmosphere, even enterprises that have the ability to absorb the price rises of raw materials and fuel will also seize the opportunity and raise the prices of their products.

If this tendency is allowed to develop, a chain reaction in price rises may occur that will make our plan to readjust the economic structure by readjusting prices fall through. Therefore, it is necessary to make up our minds to implement the bankruptcy system and let enterprises and their products be tested and selected by the users. The alarm sounded by a small number of bankrupted and collapsed enterprises will arouse a sense of crisis and urgency among large enterprises and will stimulate their tremendous potential.

Some comrades say that the chief responsibility for improper management of an enterprise lies with its director and manager. Will it be unfair to the workers of a bankrupted enterprise who will become unemployed if the bankruptcy law is implemented? As a matter of fact, it is not difficult to explain this if we have really fostered the concept of a commodity economy. As a commodity producer and dealer, an enterprise is the embodiment of the destiny of all its members. It can be compared to a ship sailing on the sea. If it strikes a reef and sinks, the captain will not be the only one who has to swim although he has to undertake the grave responsibility for this. This is how various laws work in the objective world. A positive way is for all the crew members to show concern for and endeavor to create various conditions for safe navigation at ordinary times, including support for the person who is qualified to be the captain.

In the past few years, it has been stressed that administration should be separated from enterprise management and that administrative organs should not infringe upon an enterprise's right to make decisions. However, cases in which administration organs force enterprises to change the orientation of their products and to blindly strive for greater output volumes continue to occur one after another.

Although some enterprises have a lot of complaints, they are forced to keep their resentment to themselves. Other enterprises do not pay much attention to this because they always can eat out of the same big pot no matter how serious the losses caused by arbitrary and impracticable directions issued by leading departments at higher levels may be. The enterprise will not become bankrupt. Why should it worry so much?

However, according to surveys of some enterprises that are on the brink of bankruptcy and are asked to make improvements within a certain time limit, things have greatly changed. The cadres and workers there are indignant at losses caused by arbitrary and impractical directions by leading departments at higher levels. They have demanded investigating and affixing responsibility of leadership and demanded economic compensation. This is a new atmosphere brought about by the implementation on a trial basis of the bankruptcy elimination method. The bankruptcy system and the vitality of an enterprise are indeed closely linked.

How can an enterprise have vitality if it is not faced with the issue of life or death? Once a socialist enterprise has to fight for its existence and development, it will resolutely resist administrative interference that violates the economic laws and will defend its right to make decisions. This will not only serve as a basic guarantee against reversing the situation of the economic reform in some localities, but also serve as a fundamental motivating force enhancing the reform of the administrative and management system.

Development of Bankruptcy Law

HK061526 Beijing JINGJI RIBAO in Chinese 16 Nov 85 p 2

[Report by Li Si: "The Bankruptcy Law for Enterprises Is in the Embryonic State"]

[Excerpts] The basic orientation of the economic reform in our country is to develop a planned socialist commodity economy so that enterprises will really become commodity producers and dealers who are relatively independent in their business, who assume sole responsibility for their profits and losses, and who will either triumph or be eliminated in the course of socialist competition. Therefore, it is necessary to study ways to handle bankrupted enterprises.

The discussion of this question began in 1980. In 1984, LIAOWANG issue No 9 and MINZHU YU FAZHI [DEMOCRACY AND THE LEGAL SYSTEM] Issue No 11 put forward suggestions concerning the bankruptcy law for enterprises. JINGJI RIBAO, SHIJIE JINGJI DAobao, FAXUE ZAZHI [LAW JOURNAL], TIZHI GAIGE TANSUO [EXPLORATION IN STRUCTURAL REFORM JOURNAL], and other newspapers and journals have carried articles discussing this topic on many occasions, and these have attracted much attention from various quarters.

At the Second Session of the Sixth NPC, in May 1984, NPC deputies put forward a bill formulating the bankruptcy law for enterprises. Later, following repeated discussions by the state departments concerned, a group to draft the bankruptcy law for enterprises was set up. This group has a work team under it that is responsible for conducting investigations and studies and for drafting the law. Recently, a draft of the bankruptcy law for enterprises was formulated to solicit opinions and was sent to various provinces, municipalities, and autonomous regions, and concerned ministries and commissions for their opinions.

In promoting reform, public opinion is indispensable. Different measures to the economic reform meet with different public opinion. Leaking information about the plan for an upcoming price readjustment may give rise to interference, but spreading news about the bankruptcy law for enterprises will be very conducive to implementing the law because this will ideologically prepare various trades and professions for taking actions to uproot the practice of eating out of the same big pot. For various reasons, nothing concerning the study of a bankruptcy law was done in the past 30 years or so. At present, theoretical studies, the summation of the experience of units selected for experiments, and propaganda work in this respect have become important forces enhancing the embryonic growth and triumphant birth of the bankruptcy law for enterprises.

FOREIGN EXCHANGE RESERVES REPORTED ON INCREASE

HK091011 Beijing ZHONGGUO XINWEN SHE in Chinese 0922 GMT 7 Dec 85

[Text] Beijing, 7 Dec (ZHONGGUO XINWEN SHE) -- By the end of the third quarter this year, China's foreign exchange reserves totaled \$12.592 billion, an increase of \$1.74 billion over that of the second quarter. The magazine ZHONGGUO JINRONG [CHINA FINANCE] publicizes, in this year's issue No 12, the amount of China's foreign exchange reserves for the third quarter.

In mid-November, Chen Muhua, president of the People's Bank of China, told the general managers of China's overseas financial institutes that China's trend of decreasing foreign exchange reserves was under control, and the situation would be much better in the first half of next year. To a certain degree, the announcement of China's foreign exchange reserves figure reflects this point.

Of the foreign exchange reserves for the third quarter, the amount of China's foreign exchange in the state treasury totalled \$3.377 billion, a decrease of some \$2 billion compared to the previous quarter. The foreign exchange balance of the Bank of China was increased by \$3.733 billion, totalling \$9.215 billion.

At the same time, ZHONGGUO JINRONG reports China's situation of gold reserves and foreign loans granted for the third quarter. The gold reserves figure was 12.67 million ounces and the balance of China's foreign loans was \$4.487 billion.

GOLD SMUGGLERS IN PRC RUN RISK OF DEATH PENALTY

HK100837 Beijing CHINA DAILY in English 10 Dec 85 p 1

[By Staff Reporter Liu Dizhong]

[Text] Gold miners who sell their precious produce to smugglers face severe penalties under strict new measures, which also aim to curb random individual mining. Smugglers will run the risk of the death penalty in the crack down on the drain on the country's valuable resource.

According to an official from the China Gold Company, armed police are to be drafted into all gold-mining areas to ward off smugglers. He estimated that smugglers hive off about 90,000 ounces of gold a year at glittering prices from the 10 gold-producing areas including Guangdong, Guangxi, Qinghai, Gansu, Xinjiang and Inner Mongolia. And about 200,000 ounces are hoarded a year by individual panners reluctant to sell to the government at the legitimate price, he said.

Since September the government has raised the purchase price from 696.64 yuan an ounce to 895.70 yuan to encourage individual prospectors to sell their gold to the State. However, the gold company official said, smugglers offered a much higher price some times up to double the State price.

The way to solve the problem, he said, was to strengthen control over individual and collective mining and improve management of production, rather than raise the purchase price further.

The relaxation of gold mining in 1978, when individuals and collectives were given permission to mine, sparked off a gold rush. About 200,000 people who used to be farmers are now mining gold and they produce nearly half the country's annual output.

While insisting on flexible policies, which should attract more collectives and individuals to start small gold mines, the State is to introduce strict regulations governing mine organization and plans to supervise production through local authorities, the official said. Also, an education campaign will be launched among gold miners to inform them of the laws related to gold prospecting and mining.

Recently the Ministry of Public Security issued a circular on the further crackdown on gold smuggling. In the first eight months of this year, 165 cases of gold smuggling were uncovered, 787 people were fined or imprisoned and more than 450 ounces of gold were confiscated.

LU DONG STUDIES ANHUI'S RURAL INDUSTRY

OW081341 Hefei Anhui Provincial Service in Mandarin 1100 GMT 7 Dec 85

[Text] After a 10-day on-the-spot study of Anhui's rural industry, Lu Dong, minister of the State Economic Commission, pointed out on 24 October [as heard] that Anhui's rural industry could have significant development. Lu Dong maintained that since Anhui's grain production has basically stabilized, the province's agricultural production can be restructured on a reliable basis. As a neighbor of Jiangsu, Anhui could also have a great advantage in promoting agricultural production. Counties where average per capita income and food consumption are respectively 300 yuan and 800 jin must exert greater efforts in developing their industry, especially light industry and rural industry, so that their economy can develop and their people can become affluent.

Comrade Lu Dong stressed: The speed of growth should be viewed realistically. While people used to consider it an honor to have fast growth, today we should not consider it an honor to have slow growth. This issue must be viewed in light of the actual situation. In places like Anhui, how can we catch up with the national average if our economic growth is slow?

Lu Dong maintained that the development of rural industry is highly uneven in various parts of the country, and that there is much room for development in Anhui in this regard, especially in the areas of mining, construction material, food processing, textiles -- including sericultural -- and timber processing industries, as well as manufacturing of furniture wherever possible. He said, these rural industries can serve as a material foundation that can take over part of the burden of the people.

Lu Dong said: Rural industry and agricultural production should be promoted at the same time because there is the issue of distribution and the issue of supplementing agricultural revenue with revenue from industrial production to be taken care of. While the view that the economy cannot thrive without industry is correct, we must, however, be aware that the economy cannot be stabilized without agriculture and that shortage of food grain will cause instability.

FUJIAN, UNIDO HOLD INVESTMENT PROMOTION MEETING

OW100009 Fuzhou FUJIAN RIBAO in Chinese 26 Nov 85 p 1

[Excerpts] The Xiamen theater was newly decorated today. At 0900 Nan Jiang, secretary general of the meeting, solemnly declared: The Fujian provincial meeting to promote investment, jointly sponsored by the United Nations Industrial Development Organization [UNIDO] and the Fujian Provincial People's Government, is now open.

Speaking at the opening ceremony were Chen Binfan, chairman of the meeting's Organizing Committee and Fujian's vice governor; Mr (Beckburst), head of the UNIDO Investment Cooperation Program Department; Shi Lin, adviser to the Ministry of Foreign Economic Relations and Trade of China; as well as Zou Erjun, mayor of Xiamen City. In his speech, Vice Governor Chen Binfan said: Holding an investment promotion meeting of this scale in Xiamen is a tremendous encouragement and a powerful impetus to Fujian Province and the Xiamen Special Economic Zone. The meeting will certainly promote understanding and strengthen friendship between Fujian and its friends in all countries and regions, and facilitate their mutual economic and technical cooperation.

Vice Governor Chen Binfan said: In implementing the long-term basic state policy of opening to the outside world, Fujian will become more open. We will implement the principle of diversification, and cooperate with our friends abroad through many channels.

Mr. (Beckburst) said: I am glad to see that some of the participants in this meeting from banking, industrial, and business circles are from distant places. Among them are representatives from developing as well as developed countries. I hope this meeting will make new progress in the projects that have started. In conclusion Mr (Beckburst) said: I am glad to know that Xiamen has signed 750 investment and loan agreements, 80 percent of which are foreign investments. I hope UNIDO will contribute its share in this respect, and help Fujian achieve its goal as soon as possible. Mayor Zou Erjun expressed a warm welcome to Chinese and foreign guests attending this meeting, and hoped that this meeting would help establish long-term friendship, as well as economic and technical cooperation relations.

NANJING GROUPS MARK DECEMBER 9TH MOVEMENT

OW081057 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 7 Dec 85

[Excerpts] Sixteen veteran comrades who took part in the December 9th Movement in Nanjing 50 years ago when Nanjing was the Kuomintang's ruling center, and over 100 youth representatives in Nanjing happily gathered together under the same roof yesterday afternoon to mark the 50th anniversary of the December 9th Movement. Leading comrades of Nanjing also attended the meeting.

Graying at the temples now, these veteran comrades, activists in the student movement 50 years ago, were particularly happy yesterday to have returned from various parts of the country to where they took the revolutionary course. Li Geng, member of the Secretariat of the China Federation of Literary and Art Circles, and Li Guang, member of the Standing Committee of the Shanghai Municipal People's Congress, were students of the Central University 50 years ago. In great detail, they reported to those at the meeting on the historical background and significance of the December 9th Movement in Nanjing. They said to the students at the meeting: Our historical mission in those days was to fight against Japan and save the country. Now, 50 years later, your historical mission is to rejuvenate China. Your burden is even heavier than ours. You should work hard to study political affairs and advanced science and technology so as to be prepared to shoulder the revolutionary burden.

Liu Yaxue, chairman of the Nanjing Federation of Student Unions and chairman of the Jinling Vocational University Student Union, took the floor on behalf of students. She said: To carry forward the glorious tradition of the December 9th Movement and serve our country, the most important requirement for us is to voluntarily accept the party's leadership, firmly support and carry out the party's principles and policies, and regard contributing to the four modernizations as our most important patriotic duty. We must shoulder the historical burden our country and the people have given us and be a new generation of people who can live up to the expectations of the people and this era.

XINHUA RIBAO EDITORIAL URGES STABLE PRICES

OW071317 Nanjing XINHUA RIBAO in Chinese 30 Nov 85 p 1

[Editorial: "Make Concerted Efforts To Stabilize Market Prices"]

[Text] At a telephone conference, the provincial CPC Committee and the provincial people's government called on the party committees and governments at all levels to attach great importance to improving market supply, strengthening price controls, and basically maintaining stable market prices.

They also called for effective measures for further consolidating and developing the excellent situation. The vast number of cadres and the people will endorse and support such efforts.

We should have full confidence in maintaining comparatively stable market prices because of the many favorable conditions. The present political and economic situation is very good. We have unified our thinking in working for a splendid future, set forth unequivocal policies, and enhanced our capabilities. The market situation is also good. Commodity supply is abundant, business is booming, and the cities and the countryside are prosperous. Aside from acute shortages of vegetables because of shrinking acreage for vegetable production, the supply of agricultural and sideline products and industrial consumer goods is adequate and can meet market demand. This is a reliable factor for maintaining comparatively stable market prices. The market question is being raised today to show the great change from the stagnated production and scarce market commodities of the past. For this reason, we must further consolidate and develop the excellent situation. We must get rid of our anxieties and restore our confidence in stabilizing market prices.

To maintain comparatively stable market prices, we must pay close attention to the current existing problems and improve our work. Presently there are obviously certain unstable factors. The salient ones are indiscriminate price hikes and the collection of unjustified charges under various pretexts. Also, the people are critical of soaring market retail prices. This not only affects a stable economic development, impedes the smooth progress of reform and incites public discontent, but also undermines social stability and unity. We must never lower our guard. The party and the government have paid close attention to these problems, and have employed economic and administrative means to improve market supply and control price hikes. These problems are not hard to solve. It must be explained here that, beginning this year, the prices of some commodities have been readjusted in a bid to reform the irrational price structure and to meet the urgent needs of further developing production. This tallies with the fundamental interests of the vast number of consumers. The problem is, because reforms are not being properly coordinated and management work failed to catch up with the situation, some units and individuals are given the opportunity to engage in speculation and profiteering by driving up prices and monopolizing the market. We must firmly oppose and seriously deal with such practices. While strengthening the supervision of market price control, we must vigorously publicize price structure reform in order for all of us to show concern for and support the government's reform of the price structure.

The key to maintaining comparatively stable market prices lies in concerted efforts by the operational departments and units in streamlining the market and stabilizing commodity prices. We must unequivocally uphold reform and activate the market. To activate the market we must, at the same time, improve our management. The state commercial departments must play their dominant role, and the various other sectors must support them in securing ample commodity supply so as to take control of the market situation. The commodity price, taxation, industrial and commercial administrative departments must earnestly strengthen market commodity price control and supervision and seriously enforce commodity price discipline. The state-run and collectively-run commercial units and individual peddlers must abide by law and discipline and follow civilized business practices. The party committees and governments at all levels must pay close attention to stabilizing market prices as a chief means of building spiritual civilization on the commercial front. They must work hard to bring about substantial results.

The party committees and governments at all levels must strengthen leadership over the work of market price control and regard the work as a matter of prime importance. As long as the leadership and the rank and file are of one mind and implement the various measures, market prices can surely maintain comparative stability, thereby contributing to further consolidation and development of the excellent situation.

JIANGXI UNVEILS AMBITIOUS ECONOMIC GOALS

HK090457 Beijing CHINA DAILY in English 9 Dec 85 P 4

[By Zhang Kewen]

[Text] Jiangxi, one of China's underdeveloped provinces, is now striving to rank itself among the country's highly advanced areas. That was the message from a recent national symposium on regional strategies for development in the provincial capital of Nanchang. The province's Governor Ni Xiance and other officials told representatives that Jiangxi's annual economic growth rate was overtaking the national average. They declared the province's ambitious goal of matching the economies of the country's advanced areas.

The goal ought to draw the attention not only of Jiangxi people but the country as a whole. Jiangxi, located in the southern part of the lower reaches of the Yangtze River, covers an area of 166,000 square kilometres. The province is famous as the setting of important revolutionary events. It was in Nanchang that Zhou Enlai and other communists launched the famous "August 1" armed uprising in 1927. The event marked the beginning of the armed struggle by the Chinese Communist Party to overthrow Kuomintang rule.

The next year, Mao Zedong and his comrades established an armed independent regime of workers and peasants in the province's Jinggang Mountain area.

Since the founding of the People's Republic in 1949, great changes have taken place in Jiangxi. By 1981, the province's industrial and agricultural output value had reached 18.4 billion yuan, more than 15 times than in 1949. Compared with those of the country's more advanced areas, however, that figure was still discouraging, representing just one-fortieth of the nation's total. About 34 million people, or one thirtieth of the total population, lived in Jiantxi in 1983.

Yu Guangyuan, a noted Chinese economist and member of the Central Advisory Commission of the Communist Party, made telling remarks in an article prepared for the symposium. He said, "Many areas in Jiangxi, especially the old revolutionary base areas, whose people sacrificed a lot in armed struggle... are still in poverty. This fact makes those of us enjoying fruits of victory and leading a happy life feel uneasy..."

Against this background, the latest news from Jiangxi is inspiring. According to a document distributed at the symposium, Jiangxi's industrial and agricultural output value grew 6.4 percent annually between 1981 and 1983, considerably lower than the national average. But in 1984, the province's growth rate was 13.3 percent close to the national norm of 14.2. This year Jiangxi's figure is expected to be a little higher than the average.

The province's industrial projects are also doing better. Last year, Jiangxi became one of two provinces to best fulfill the 10 economic targets set by the State Council to measure a region's industrial production.

The province's plan is, while steadily working for better economic results, to double 1980's industrial and agricultural output value by 1987. By the end of this century, the 1980 value should have more than quadrupled. The province should be highly developed in industry, culture, science and technology. People's living standards should be considerably improved. By 1990, the province should be nearing the country's advanced areas in per capita industrial and agricultural output value, national income, revenue and farmer net income.

The question now is whether Jiangxi can fulfil its goals as scheduled. It is very natural for a backward province like Jiangxi to want to catch up with the country's advanced areas. Nevertheless, the province did not set up its goals without grounds. The document distributed at the symposium said Jiangxi has quite a few advantages over many of its counterparts and the province based its plans on its obvious potential.

According to the document, Jiangxi is a suitable place to develop both industry and agriculture. It has already done well in grain, timber and bamboo production. Annually, the province sends 500,000 tons of grain and 1 million cubic metres of timber to other areas. With the Poyang Lake -- the largest freshwater lake in the country, the province has a good future in fishing production. Animal husbandry, too, on Jiangxi's hilly grassland, is a promising field. The document also singled out mining for development. The province's mineral deposits are richer than many other provinces'.

With more than 14,000 industrial enterprises, the province now has a strong industrial base. Transport conditions have also been improved, and in agriculture, the province now has farm machinery of 5 million horse power. Six percent of farmland is under irrigation. In short, conditions for the province to catch up with other provinces are ripe.

Like others, Jiangxi also has its weak economic links. The document particularly mentioned Jiangxi's slow development of rural sideline production and of collective industry in both urban and rural areas. Lack of energy resources and trained personnel also poses threats to the province's future development. Nevertheless, these difficulties are not insurmountable. The province has worked out corresponding measures to overcome them, the document said.

Wang Ying, director of the province's Planning Commission, said at the symposium that, provided Jiangxi fully used its advantages, it could develop faster than the nation as a whole. There are now only five years left until 1990 and 15 years until 2000. It is perhaps still early for outsiders to conclude that Jiangxi can surely fulfill its ambitious goals as scheduled. But it is certain that the gap between Jiangxi and the country's advanced areas will be narrowed. To people in other parts of the country, this is inspiring enough.

SHANDONG CPC COMMITTEE HOLDS PLENARY SESSION

SK100822 Jinan Shandong Provincial Service in Mandarin 2300 GMT 9 Dec 85

[Excerpts] The Sixth Plenary Session of the Fourth Shandong Provincial CPC Committee opened at Nanjiao Guesthouse in Jinan on 9 December. In line with the guidelines of the National Conference of Party Delegates, the plenary session discussed and adopted the major points of work for 1986 and notified the participants of our province's tentative ideas concerning the Seventh 5-Year Plan.

The plenary session called on party organizations at all levels and the broad masses of party members throughout the province to deeply implement the guidelines of the National Conference of Party Delegates and a series of principles and policies of the central authorities in the coming year, to firmly grasp reform and party rectification, to comprehensively promote the building of the socialist material and spiritual civilizations, to do the work in all fields in a down-to-earth manner, and to exert continued efforts to create a new situation.

The plenary session held a preparatory meeting from 4 to 8 December. Eighty-three provincial CPC Committee members and alternate members attended the plenary session. Attending the session as observers were 154 persons, including members of the provincial Advisory Commission and the provincial Discipline Inspection Commission; the principal responsible comrades of the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee; the principal responsible comrades of the provincial-level organs, cities and prefectures, and large enterprises; the CPC Committee secretaries of some institutions of higher learning; members and alternate members of the CPC Central Committee in Jinan; and members of the Central Advisory and the Discipline Inspection Commissions.

At the plenary session, Liang Buting, secretary of the provincial CPC Committee, gave an important speech on ways to do next year's work well. Li Changan, deputy secretary of the provincial CPC Committee and governor, gave a speech on the province's tentative ideas regarding the Seventh 5-Year Plan.

During the preparatory meeting, Lu Maozeng, deputy secretary of the provincial CPC Committee; Yang Xinfu, Feng Lizu, and Zheng Weimin, members of the Standing Committee of the provincial People's Congress; Ma Lianli and Ma Changgui, vice governors; and Liu Yong, chairman of the provincial Planning Commission, gave speeches to the participants on the relevant situations.

The plenary session held that the year 1986 will be the first year for working in unity for a splendid future in the wake of overfulfilling the Sixth 5-Year Plan. Doing a good job in 1986 is of great significance in realizing the Seventh 5-Year Plan and prosperity by the 1990's, and fundamental improvements in party style and common practices. In the coming year, we should particularly grasp the following fields of work well:

1. We should first persist in attaching importance to reform and comprehensively fulfill or overfulfill the 1986 national economic and social development plans.
2. We should continue to do a good job in party rectification, and to further rectify party style. In 1986, we should grasp the grass-roots party rectification work in the rural areas, districts, townships, towns, and villages group by group and in a planned manner. All party rectification units, including those that have completed party rectification work, should prominently grasp the rectification of party style.
3. We should vigorously strengthen ideological and political work and the comprehensive tackling of public security problems in order to achieve further improvements in the general mood of society. In 1986, we should create a vivid political situation of stability and unity and gradually establish a civilized, healthy, and scientific way of living.
4. We should conscientiously implement the party's policies and do a good job in solving problems left over by history.
5. We should further readjust the leading bodies at all levels, strengthen the building of the third echelon and the training of the cadre ranks, and realistically attend to the work concerning retired cadres.
6. We should improve the work style of leaders and their way of doing things in order to enhance the level of leadership. Further efforts should be made to separate the functions of the party from those of government, persist in implementing the principle of democratic centralism, conscientiously study Marxist theory, cater the work to the needs of the grass roots, go deeply among the masses, speak the truth, do solid work, and strive to achieve actual results.

SHANDONG PROMOTES OBSERVATION OF CONSTITUTION

SK060625 Jinan Shandong Provincial Service in Mandarin 2300 GMT 3 Dec 85

[Excerpts] On the morning of 3 December, the provincial People's Congress Standing Committee held a meeting at the Zhenzhuquan to mark the third anniversary of the promulgation of the new Constitution. Attending the meeting were Li Zhen, chairman of the provincial People's Congress Standing Committee; Xiao Han, Xu Leijian, Zhang Zhusheng, and Xu Jianchun, vice chairmen of the provincial People's Congress Standing Committee; Ma Lianli, vice governor of the province; Liang Deshan, president of the provincial Higher People's Procuratorate; some members of the provincial People's Congress Standing Committee who were stationed in Jinan; and responsible comrades of pertinent commissions, departments, offices, and general offices under the provincial leading organs and of various mass organizations. A total of more than 150 people attended the meeting.

The meeting was presided over by Comrade Xiao Han. Comrade Li Zhen spoke at the meeting. He said: Since the promulgation of the new Constitution, our province's situation on propagating and implementing the Constitution has been good. Over the past 3 years, the new Constitution has increasingly taken root in the hearts of the people, and has played an increasingly greater role in building democracy, the legal system, and the material and spiritual civilizations. However, the study, propagation and implementation of the Constitution has not been penetrating and extensive enough, and the phenomenon of not observing the law, of not strictly enforcing the law, and of not punishing lawbreakers still exists in various localities to varying degrees.

Comrade Li Zhen pointed out: We should continue to enhance our understanding of the implementation of the Constitution. At present, the phenomena of underrating the Constitution, putting powers above the Constitution, replacing the Constitution with speeches, and assigning no persons to investigate lawbreakers still exist in some places and units, thus seriously hampering the implementation of the Constitution. Therefore, we must enable the people to understand that the Constitution is the basic major law of our country as well as the highest code of conduct, and must be observed by all citizens. No organizations and individuals can enjoy privileges not covered by the Constitution, and all behavior in violation of the Constitution should be investigated and dealt with. We should stress the authority of the Constitution. The vast number of cadres should eliminate feudal and autocratic ideas, the special privileged mentality, and the influence of the idea that human relationships are more important than law, should put them in a correct relationship to the Constitution and law, should conscientiously observe the law, and should enforce the law impartially and incorruptibly.

Comrade Li Zhen said: We should vigorously popularize the general knowledge of law, with the stress on the Constitution. Popularizing the general knowledge of the law, with the stress on the Constitution, is a major event in the political life of the people in our country as well as an urgent need to strengthen the building of socialist democracy and the legal system. We should educate all citizens capable of learning with the general knowledge of laws centering on the Constitution. But the emphasis should be placed on cadres and young people. All cadres, leading cadres in particular, should set an example in studying, understanding, and observing the law, and should give an impetus to the masses with their own practical actions. Some criminal offences of youths mainly resulted from a lack of understanding of law and a lack of the sense of the legal system.

Therefore, we must strengthen education among the young people on legal knowledge with a focus on the Constitution in order to enable them to know how to conduct themselves in society, to distinguish between legal and illegal behavior, to cultivate the good habit of observing discipline and law, and to become a generation of new persons with lofty ideals, moral integrity, knowledge, and the sense of discipline.

WANG FANG, XUE JU ADDRESS ZHEJIANG PARTY MEETING

OW060849 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 5 Dec 85

[Text] A 10-day enlarged meeting of the Zhejiang Provincial CPC Committee's Standing Committee ended in Hangzhou 4 December. Guided by the guidelines of the National Conference of Party Delegates, the meeting conscientiously reviewed and summed up the work in 1985, and discussed and made arrangements for tasks in 1986. The meeting decided on the following main tasks for our province next year:

First, top priority will be given to reform. While invigorating the microeconomy, especially large and medium-sized enterprises, we must exercise more effective indirect controls over macroeconomic operations.

Second, the emphasis on economic development must be shifted to the improvement of management, promotion of technical progress, and the upgrading of economic results and social effects so as to maintain a normal, rational economic growth rate.

Third, steps must be taken to invigorate and enrich the market and maintain general price stability in order to achieve a gradual improvement in the people's standard of living on the basis of development of production.

Fourth, while promoting the building of material civilization, efforts must be made to promote the building of the socialist spiritual civilization and strengthen the party ideologically and organizationally.

Comrade Wang Fang spoke at the beginning of the meeting. He said: We have scored achievements and made progress in the past year, but we also had many shortcomings and difficulties. We should make a realistic assesment of the situation, maintain a pioneering spirit, and remain sober-minded. To successfully carry out our work next year, we must correctly handle the relationships between reform construction, between macroeconomy and microeconomy, between economic growth and economic results, between industry and agriculture, and between the building of material civilization and spiritual civilization. Touching on the relationship between macroeconomy and microeconomy, Comrade Wang Fang pointed out: The current economic reform requires that we exercise flexible microeconomic control to fully enhance the enthusiasm of localities and enterprises. Exercising effective indirect control over macroeconomic operations so as to ensure a balanced economic development also constitutes the basic requirement of the current reform. Ours is a planned commodity economy based on the socialist system of public ownership. Our reform is aimed at establishing a socialist economic system that is full of vitality and vigor, a system that embraces both micro-flexibility and macro-control.

Discussing the relationship between economic growth rate and economic results, Wang Fang said: Our economy should grow at an appropriate rate, but it must not be achieved by turning out large quantities of outmoded, inferior products manufactured with backward technology and equipment. Instead, it must be achieved by popularizing advanced technology, constantly improving management, tapping the potential within enterprises, and seeking greater output with less input.

Touching on the relationship between the building of a material civilization and that of a spiritual civilization, Wang Fang pointed out: Simultaneously undertaking the building of both material and spiritual civilizations constitutes a scientific summation of China's practical experience in socialist modernization and accords with the aspirations of those who are concerned about the party and the state. Strengthening ideological and political work and the building of the spiritual civilization is not only the specialized work of a few departments, but is also the common task of party organizations and governments at all levels, professional departments, and various mass organizations. However, a greater part of ideological and political work still has to be done by the leading bodies of professional departments, factories, schools, ships, and neighborhoods, as well as various grass-roots units in rural areas.

He said: We would rather sacrifice a few factories to improve the material conditions for building a spiritual civilization.

Comrade Xue Ju spoke at the conclusion of the meeting. After briefing the participants on the speeches made recently in Zhejiang by central leading comrades, he discussed the matter of raising consciousness in macro-control and made a detailed explanation of the work in eight areas for next year, including loans, finances, and commodity prices. He stressed: Our work next year should strive to create a good environment for economic reform; it should lay a sound foundation for a sustained, stable, and balanced economic and social development during the Seventh 5-Year Plan period in order to make economic reform and development suit and supplement each other. This requires that we raise our consciousness in exercising macro-control. While doing so, we must strive to invigorate the enterprises, especially the large and medium-sized ones.

Comrade Xue Ju said: In the past year, which is about to end, we made progress in reform, but we also suffered some setbacks caused by failure to exercise effective macro-control. We must consolidate and improve this year's reform measures, keep what is good, discard what is bad, and turn them into a complete set of measures so as to make them yield greater results next year. Our provincial, city, prefectural, and county comrades should know how to exercise indirect macro-control and make this one of their important tasks in 1986.

Attending this meeting were responsible persons of the Standing Committee of the Zhejiang Provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial military district, and the provincial CPPCC Committee; secretaries of the party committees and party groups of the units directly under the provincial authority; secretaries of the various city, prefectural, and county party committees; mayors, administrative commissioners, and county heads.

SICHUAN RIBAO URGES STUDENTS TO SHOULDER BURDENS

HK100237 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 6 Dec 85

[Report on SICHUAN RIBAO commentator's article "Shoulder New Historical Burdens"]

[Text] Students: act, shoulder responsibility for the rise and fall of our country. The patriotic feelings of young students during the December 9th Movement 50 years ago wrote a glorious chapter in the revolutionary history of the Chinese people. The mission entrusted by history to young students today has changed greatly. The mission is to fight for invigorating the Chinese nation and for building China into a modernized socialist power.

The article says that students should further strengthen their party spirit, and accept and safeguard the party's leadership more conscientiously. The success of the December 9th Movement was mainly due to the wise leadership of the CPC. Both history and reality have proved that our party is worthy of the title of the core in leading the people of the whole country to invigorate the Chinese nation.

The article says that efforts should be made to maintain the political situation of stability and unity, as it concerns the basic interest of the people throughout the country. We young students must have a correct understanding of the situation, pay attention to the overall situation, observe discipline, and safeguard and develop the hard-earned excellent situation.

The most important task for young students at present is to earnestly study Marxism and modern scientific and technological knowledge for the prosperity of the motherland and the wealth of the people. They must strive to be new socialist people who cherish ideals, have moral integrity, are well educated, and observe discipline, and must make full preparations ideologically and culturally for invigorating the Chinese nation.

XIZANG PEOPLE'S CONGRESS PLENUM REPORTS TO BANQEN

HK090255 Lhasa Xizang Regional Service in Mandarin 1130 GMT 5 Dec 85

[Excerpts] The 14th session of the 4th regional People's Congress Standing Committee held a plenum on the morning of 4 December. The plenum reported work to Banqen Erdini Qoigy Gyancan, vice chairman of the NPC Standing Committee, and asked him for instructions. The plenum was attended by Pagbalha Geleg Namgya, Shengqin Luosangjianzan, Xuedang Tudengnima, Cao Xu, Buduoji, Langjie, Jiangzhong Zhaxiduoji, Lhunzhub Tabkyai and Samding Doje Pamo, vice chairmen of the regional People's Congress Standing Committee.

Also present were Wu Jinghua, secretary of the regional CPC Committee; Redi, Jiangcun Luobu, deputy secretaries; Pu Qiong, vice chairman of the regional people's government; responsible comrades of the regional People's Higher Court, the regional People's Procuratorate and departments concerned; and Li Zuomin, deputy director of the Central United Front Work Department, who accompanied Vice Chairman Banqen during the recent inspection.

The plenum was presided over by Pagbalha Geleg Namgya. At the opening session, Shengqin Luosangjianzan acted on behalf of the regional People's Congress Standing Committee and reported work to Vice Chairman Banqen. The report was divided into three parts: First, the basic situation about the work of the regional People's Congress Standing Committee; second, the situation and problems in exercising ruling power; and third, the building of the regional People's Congress itself.

Upon listening to the report, Vice Chairman Banqen made an important speech. He said: I am very happy having this opportunity to meet you here. Over the 30-odd years since the founding of the state, we have experienced both successes and failures. The 6th Plenary Session of the 11th CPC Central Committee summed up our experience, which was marked by two main aspects, namely, to carry forward socialist democracy and to establish a socialist legal system. In order to do well in these two areas, the regional People's Congress must play its role well.

In his conclusion, Vice Chairman Banqen said: The comrades working for the regional People's Congress must have a sense of responsibility. They must do well in carrying forward socialist democracy and perfecting a socialist legal system. They should really play their roles well. Under the leadership of the regional CPC Committee, they should make more contributions to building a united, prosperous, civilized and new Xizang.

XIZANG CHAIRMAN RETIRES, ACTING CHAIRMAN NAMED.

HK090315 Lhasa Xizang Regional Service in Mandarin 1130 GMT 8 Dec 85

[Excerpt] In accordance with the proposal of the regional CPC Committee and the request of the regional government chairman, a full session of the 14th meeting of the 4th regional People's Congress Standing Committee held on 7 December agreed that Duojiacaidan will retire from his post of chairman of the regional people's government, and decided that Duojiacairang will function as acting chairman of the government.

In accordance with the recommendation of Acting Chairman Duojiacairang, the meeting decided to appoint (Pudaoduoji) and (Gongdaxi) as vice chairmen of the regional government and to remove Yang Zongxin and Wu Changqi from their vice chairmen posts. Pagbalha Geleg Namgya, vice chairman of the regional People's Congress Standing Committee, presided at the meeting on 7 December.

XIZANG TO SEND ECONOMIC INVESTIGATORS TO HONG KONG

HK070537 Lhasa Xizang Regional Service in Mandarin 0500 GMT 7 Dec 85

[Text] The region's first economic investigation group to be sent to Hong Kong has now been formed. Its aim is to invigorate the region's economy. The group will shortly leave for Hong Kong to investigate its economy, trade, tourism, and so on. It will also hold a sales display and conduct talks there on external economic relations and trade.

The group, led by the principal responsible person of the regional government, consists of 19 members, all of them responsible persons of regional economic departments concerned. While in Hong Kong, the group will introduce Xizang's economic development situation and strong points in resources to Chinese and foreign economists, traders, bankers, financiers, and entrepreneurs. It will also announce the special policies and still more favored treatment methods drawn up by the region in light of Xizang's conditions.

The sales display to be held in Hong Kong will exhibit animal products such as fur and wool; minerals such as ferrochrome, tin, borax, and marble; light industrial goods such as leather and woolen textiles; nationality handicrafts; and Tibetan medicinal herbs and medicines. The group will also hold business talks with Chinese and foreign people of various sectors on economic cooperation, trade, tourism development, and so on, and will sign relevant contracts.

This trip will constitute an important measure in opening up to the world in Xizang. The group's activities will promote the switch from closed to open-style economy and speed up the region's economic development.

XIZANG LEADERS INSTRUCT WORK STYLE INSPECTORS

HK080313 Lhasa Xizang Regional Service in Mandarin 1130 GMT 7 Dec 85

[Excerpts] The 40 members of the group that will inspect party work style in Xizang are about to set out for Xigaze Prefecture, Lhasa City, the regional commercial and industrial departments, and the regional tourism corporation to check on party style there, following 7 days of concentrated study.

On the morning of 7 December, Ba Sang, deputy secretary of the regional CPC Committee and secretary of the Discipline Inspection Commission, and Dan Zeng, deputy secretary of the regional CPC Committee, delivered instructions to the inspection group. They pointed out: Comrade Deng Xiaoping has given many important instructions on party style and discipline. The regional CPC Committee recently held an enlarged Standing Committee meeting. Under these circumstances, it is extremely timely now to carry out a major check on party style and discipline.

In carrying out the inspection of party style, it is first necessary to check on the sense of revolutionary cause and responsibility to the revolution among the cadres at all levels and on their firm confidence in carrying out the party's line, principles, and policies. It is also necessary to check on malpractices of all types, on the waste caused by serious cases of bureaucratism, and on the work style of the cadre force.

They stressed: Xizang is now in the stage of reform and conditions are complex. The inspection group will encounter many difficulties in its work. The comrades of the group must carry out more analysis and study. Everywhere they go, they should exchange views with the local party committees, uphold party leadership, and follow the mass line.

PU CHAOZHU WELCOMES VETERAN COMRADES TO YUNNAN

HK060516 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 3 Dec 85

[Excerpts] Yesterday afternoon, provincial party and government leaders held a forum with veteran comrades who have come to Kunming to mark the anniversary of the December 1st Movement. They exchanged views on developing and building Yunnan.

On behalf of the provincial CPC Committee and the provincial people's government, provincial CPC Committee Secretary Pu Chaozhu warmly welcomed more than 70 veteran comrades who have come to Kunming to take part in the activities to mark the anniversary of the December 1st Movement. He also extended sincere gratitude to them for going to universities and colleges to advise students and educate them in revolutionary tradition and revolutionary ideals during their stay in Kunming.

Pu Chaozhu then briefed the veteran comrades on the building of socialist material and spiritual civilization in the province since the 3d Plenary Session of the 11th CPC Central Committee and on the major problems to be solved by the province during the Seventh 5-Year Plan. He sincerely hoped that the veteran comrades present would put forth suggestions on the work done by the provincial CPC Committee and government.

Ma Shitu and other veteran comrades delivered speeches one after another at the forum. They hoped that the provincial CPC Committee and government would pay attention to solving problems in energy, communications, education, ecological balance, Overseas Chinese affairs and the import of foreign funds. They also introduced the experience achieved and the work done by other provinces and cities in this respect. They also put forward many valuable suggestions and proposals.

Attending the forum were provincial party and government leaders He Zhiqiang, Li Xingwang, Li Guiying, Liang Jia, and those responsible for the commemorative activities Zhu Jiabi, Zhang Zizhai, and Huang Ping.

YUNNAN URGES IMPLEMENTING POLICY ON INTELLECTUALS

HK070249 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 6 Dec 85

[Text] The Yunnan Provincial CPC Committee recently issued a circular demanding that all parts of the province seriously implement the provincial plan for completing the implementation of policies on intellectuals before the 13th national party congress. The contents of this plan, which was drawn up by the Organization Department of the provincial CPC Committee, include the following points:

1. Totally rehabilitate the victims of miscarriages of justice and do a good job of work in clearing up the aftermath of such cases.
2. Seriously take stock of cadre files.
3. Resolutely return private houses seized and occupied during the Cultural Revolution.
5. Properly solve the problem of outstanding intellectuals finding it difficult to join the party.
6. Continue to do a good job in making readjustments for those who are employed in wrong jobs.
7. Relax the requirements and rapidly solve the problem of long separations of intellectual couples.
8. Make proper arrangements for offering honorary posts to a number of veteran intellectuals.
9. Seriously correct cases erroneously handled since 1978.
10. Actively and gradually improve intellectuals' working and living conditions.

The provincial CPC Committee's circular demands that party committees at all levels enhance their understanding and regard respect for knowledge and talent as a strategic principle and a basic national policy in the new era. They must regard implementing the party's policies on intellectuals and doing a good job of work concerning intellectuals as a major question of principle in maintaining political unity with the central authorities.

The circular demands that, in accordance with the central requirements, the party committees at all levels strengthen leadership, formulate schemes, take steps to vigorously implement them and basically [as heard] complete the task of implementing the policies on intellectuals before the 13th national party congress.

BEIJING RIBAO REPORTS LEADERSHIP CHANGES

SK070212 Beijing BEIJING RIBAO in Chinese 25 Nov 85 p 2

[Text] At the 24th Standing Committee Session of the 8th municipal People's Congress, Xue Guanghua, president of the municipal People's Higher Court, and Wang Zhenzhong, chief procurator of the municipal People's Procuratorate, respectively made requests to resign from their posts due to old age. The session approved their resignation requests and highly praised and extended sincere respects to them for their contributions to the party and to judicial work. In accordance with the suggestions made by the Beijing Municipal CPC Committee, the session decided to appoint Liu Yunfeng as acting president of the municipal People's Higher Court and not to permit him to hold the post of president of the municipal People's Intermediate Court, and to appoint Ji Shuhan as acting president of the municipal People's Intermediate Court. Simultaneously, in line with the suggestion made by the municipal meeting of chief procurators of the People's Procuratorates, the session decided to appoint He Fangbo as acting chief procurator of the Beijing Municipal People's Procuratorate. The Standing Committee of the municipal People's Congress will report the above-mentioned decision on personnel changes to the next municipal People's Congress. The decision on the change of chief procurator will be submitted to procurator general of the Supreme People's Procuratorate by the municipal People's Procuratorate, and then be reported to the NPC Standing Committee for the record.

BEIJING COMMENTARY ON FIGHTING ECONOMIC CRIME

SK100513 Beijing City Service in Mandarin 1000 GMT 27 Nov 85

[Station commentary: "Criminals Who Do Severe Damage to the Economy Should Be Punished Sternly Without Mercy"]

[Text] The verdicts of the municipal People's Intermediate Court on the 23 criminals involved in 13 cases serve as a severe blow to the criminals who seriously undermine the economy, and a serious warning to those who attempt to take advantage of reform to break the law and commit crimes.

Among (Wang Lou), (Wang Bin), and 21 other criminals are workers, businessmen, technicians, managers, party branch secretaries, and even cadres who participated in the revolution for many years. Their crimes showed that despite our very great achievements in various fields of work and the very good situation, a small number of criminals continue to seize the opportunity of opening to the outside world and enlivening the domestic economy to line their pockets at the expense of the state, and willfully undermine the socialist economic order. According to statistics released by industrial and commercial administrative departments, from January 1984 to June 1985, 547 cases of speculation and profiteering were cracked, of which 273 cases involved more than 10,000 yuan of illegal transactions each, and 244 cases involved more than 3,000 yuan of illegal gains each. These criminal activities not only caused economic losses to individuals, the collective, and the state but also damaged commodity prices, disrupted the market, and corrupted cadres and the people, thus seriously endangering the building of the two civilizations.

The CPC Central Committee and the State Council explicitly pointed out that dealing blows to the serious criminal activities in the economic field is an important manifestation of the class struggle in the economic sphere of our country's socialist society in the new historical conditions. Waging the struggle to uphold the purity of communism and to oppose corruption and degeneration among Communist Party members and state personnel is a matter concerning the success and failure of our country's socialist modernization, the prosperity and decline, and rise and fall of our party and our country.

Therefore, we should enhance our understanding of the significance of this struggle, resolutely expose and deal blows to serious economic crimes, and carry out this struggle continuously on a long-term basis. Only by so doing can we ensure that our country's modernization drive proceeds along a socialist track, and can we correctly implement the policy of opening to the outside world and enlivening the domestic economy.

HEBEI GOVERNOR ON IMPROVING URBAN ECONOMY

SK091140 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 23 Nov 85

[Text] On 23 November, Zhang Shuguang, governor of the province, delivered a speech at the provincial work conference on the urban economy. The speech dealt with the issues of building multifunctional city networks at various levels throughout the province, enlivening the large and medium-sized enterprises, accelerating the pace of integration and reform in economic systems, developing commodity markets in a planned manner, and enhancing the influence and attraction of urban areas.

In his speech, Zhang Shuguang stated: As for the fulfillment of the Seventh 5-Year Plan, the CPC Central Committee has urged localities throughout the country to gradually build economic networks of various scales at various levels, with large cities as their centers, on the basis of their own characteristics. This is the strategic principle for conducting urban construction and development in the future. To implement the principle of building multifunctional city networks at various levels throughout the province, and bring into full play the guiding role of urban areas, a good job should be done in grasping the following tasks:

1. Efforts should be made to uphold the principle of proceeding from the province's reality. Hebei Province encircles the two municipalities of Beijing and Tianjin, and has a relatively greater number of large, medium-sized, and small cities that are widely scattered throughout the province. It also has more than 100 county seats and more than 500 towns and is relatively abundant in mining resources and farm products. In addition, the province enjoys convenient transportation. However, the development between agriculture and the commodity economy in the province has not been very even. In building multifunctional city networks in the province, we should take this reality into full consideration.

2. In line with the history of and the current situation in the urban areas throughout the province, efforts should be made to anticipate the development trend of the future. Our province will build city economic systems with their own characteristics at various levels.

3. In conducting urban construction and development, efforts should be made to implement the guiding ideology of the Seventh 5-Year Plan and to persistently put the drive to conduct reforms in the first place in order to achieve mutual promotion and complementarity between reform and construction. Making arrangements for construction should contribute to the progress of conducting reforms. The drive to conduct reforms in various fields should be carried out in a coordinated manner. All cities should continuously popularize the experience gained by Shijiazhuang City in conducting comprehensive reforms in the strike and reflex economy [zhuang ji fan she shi]. The year 1986 will be the first one in which we will begin to implement the Seventh 5-Year Plan. Therefore, we should emphatically grasp well the supply of raw materials in the light and textile industries, energy resources, and communications and transportation. Efforts should be made to uphold the principle of expanding reproduction by chiefly tapping the latent power of enterprises and conducting technical renovations and to continuously pay attention to financial revenues and master the management over financial affairs in order to spend our limited funds effectively on practical tasks.

4. The people's governments of various cities should enhance their leadership over the work of mapping out urban plans and carrying out construction.

In his speech, Zhang Shuguang urged the cities throughout the province to firmly grasp the central work of enlivening enterprises to accelerate the pace of conducting reforms in urban economic systems in a coordinated manner. He stated: Most large and medium-sized enterprises are in urban areas. If we fail to enliven the large and medium-sized enterprises in conducting the urban work, we will be doomed to failure in grasping the principal part of the urban economy and will be divorced from the direction of conducting reforms in urban economic systems. At present, we should adopt the following measures to create conditions for enlivening the large and medium-sized enterprises:

1) Efforts should be made to resolutely and continuously simplify administration and delegate power to grass-roots levels. 2) Efforts should be made to adequately cut the number of mandatory plans for enterprises. 3) Efforts should be made to gradually readjust or cut the regulatory taxes of the large and medium-sized enterprises. 4) In line with the limits of authority in price control, efforts should be made to earnestly implement the policy on charging higher prices for fine-quality products. 5) Efforts should be made to give preferential treatment to the demands raised by the large and medium-sized enterprises with regard to funds and loans. 6) Efforts should be made to adequately increase the commendation quota of those that have scored marked achievements in saving energy resources and raw materials. 7) Efforts should be made to enforce the policy on encouraging enterprises to export commodities and earn as much foreign exchange as possible.

By making full use of the external conditions provided by the state and the people's governments at all levels, enterprises should concentrate on strengthening management and conducting internal reforms. Enterprises themselves should also simplify administration and delegate power to the lower units and vigorously conduct technical renovations and progress. They should enhance their management in an overall manner, strengthen their training work for staff members and workers, vigorously upgrade the quality of products, develop a diversified economy while engaging in their central production, and actively foster lateral economic coordination.

In his speech, Zhang Shuguang stated: In a certain sense, urban areas are markets, and we should develop commodity markets in a planned manner in order to enhance their influence and attraction. To vigorously develop commodity markets in order to further enliven commodity circulation, we should first boldly enforce the open policy, open our ideological gate to boldly meet strong competitors, direct enterprises to pay attention to markets, and enable them to seek development while encountering competition. In addition, we should further improve the system of commodity circulation, thoroughly remove separated and closed structures, and, in line with the demand set forth by the planned commodity economy, master, as soon as possible, the measure of using economic means to guide commodity markets and readjust the economic activities in markets. Efforts should be made to develop the markets for consumer goods, the means of production, technical results and information, financial resources, and the labor force, and to gradually improve market systems. It is necessary to vigorously develop tertiary industries in order to enhance the prospects for and effectiveness of urban comprehensive services.

HEBEI CONFERENCE STRESSES FOREIGN TRADE RELATIONS

SK090431 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 27 Nov 85

[Text] At the 27 November provincial foreign economic relations and trade planning conference, Vice Governor Hong Yi pointed out in his speech: Governments at all levels should conscientiously strengthen leadership over foreign economic relations and trade, strive to push this work to a new stage, and make greater contributions to revitalizing Hebei.

Vice Governor Hong Yi said: Foreign economic relations and trade are an important component part of the national economy. In the Seventh 5-Year Plan period, in particular, the state will embark on large-scale economic construction and will need a great amount of foreign exchange. For this reason, foreign economic relations and trade should be all the more developed. Governments at all levels and various relevant provincial departments should regard the development of foreign economic relations and trade as their unshirkable duty and the increase of exports and foreign exchange as their strategic task, and carry them out.

Vice Governor Hong Yi pointed out: At present our province's ability to export and earn foreign exchange is rather poor. The value of the commodities purchased for exports amounts to merely 3.8 percent of the industrial and agricultural output value. Some of the important reasons for this are our low technological level, large amounts of primary products, poor work in intensive processing, and low grade and quality of products. Therefore, in order to improve their ability to export and earn more foreign exchange, industrial departments should strive to raise their production and technological levels, carry out processing work more intensively, increase the patterns and variety of products, improve production quality, and export more finished products. Agricultural departments should do a good job in planning in line with the demands of the world market and greatly develop the production of farm and sideline products. All prefectures, cities, and relevant provincial departments should proceed from the economic strategy of the province, and strive to enable a group of bases and specialized plants for the production of farm, sideline, native and special products, light industrial and textile products, and electric and machinery products to be included in the state's production network for export. Foreign trade departments should improve their business operations, actively open up foreign markets, expand exports, reduce the cost of the products for earning foreign exchange, and create more foreign exchange for the state.

BRIEFS

BEIJING GRAIN OUTPUT -- A sample survey by the Beijing Statistical Bureau shows that the 1985 grain output of Beijing Municipality will reach 4,393 billion jin, a 1-percent increase over last year, and that the per-mu yield will reach 573 jin, 19 jin higher than last year. Both figures are a record high. [Summary] [Beijing BEIJING RIBAO in Chinese 21 Nov 85 p 1 SK]

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